

**ACTIVATING THE
DIGITAL FUTURE**

ANNUAL REPORT 2025



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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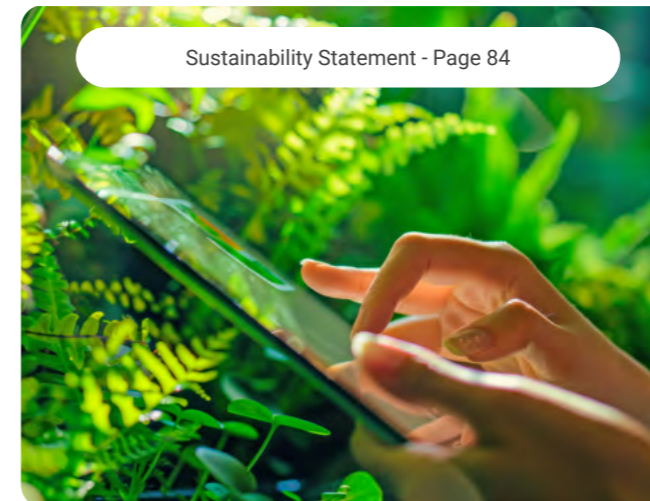
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Cover Rationale



A touch by the robotic humanoid changes how humans and technology interact. The single touch also symbolises the role VSTECs plays in activating and enabling Malaysia's digital ecosystem. The humanoid's hand represents technology brought within reach by VSTECs, while the illuminated interface captures the moment innovation shifts from concept to execution. This interaction reflects the Group's role as an enabler by connecting infrastructure, solutions, and partners to turn digital potential into tangible impact.

The interconnected digital nodes and pathways illustrate the breadth of technology domains supported by VSTECs, spanning across the consumer & enterprise markets. The upward growth trajectory embedded within the design reinforces sustained momentum and forward progression, underscoring a year defined by growth and strategic expansion.



Scan the QR code to view our Annual Report online.

Corporate Profile

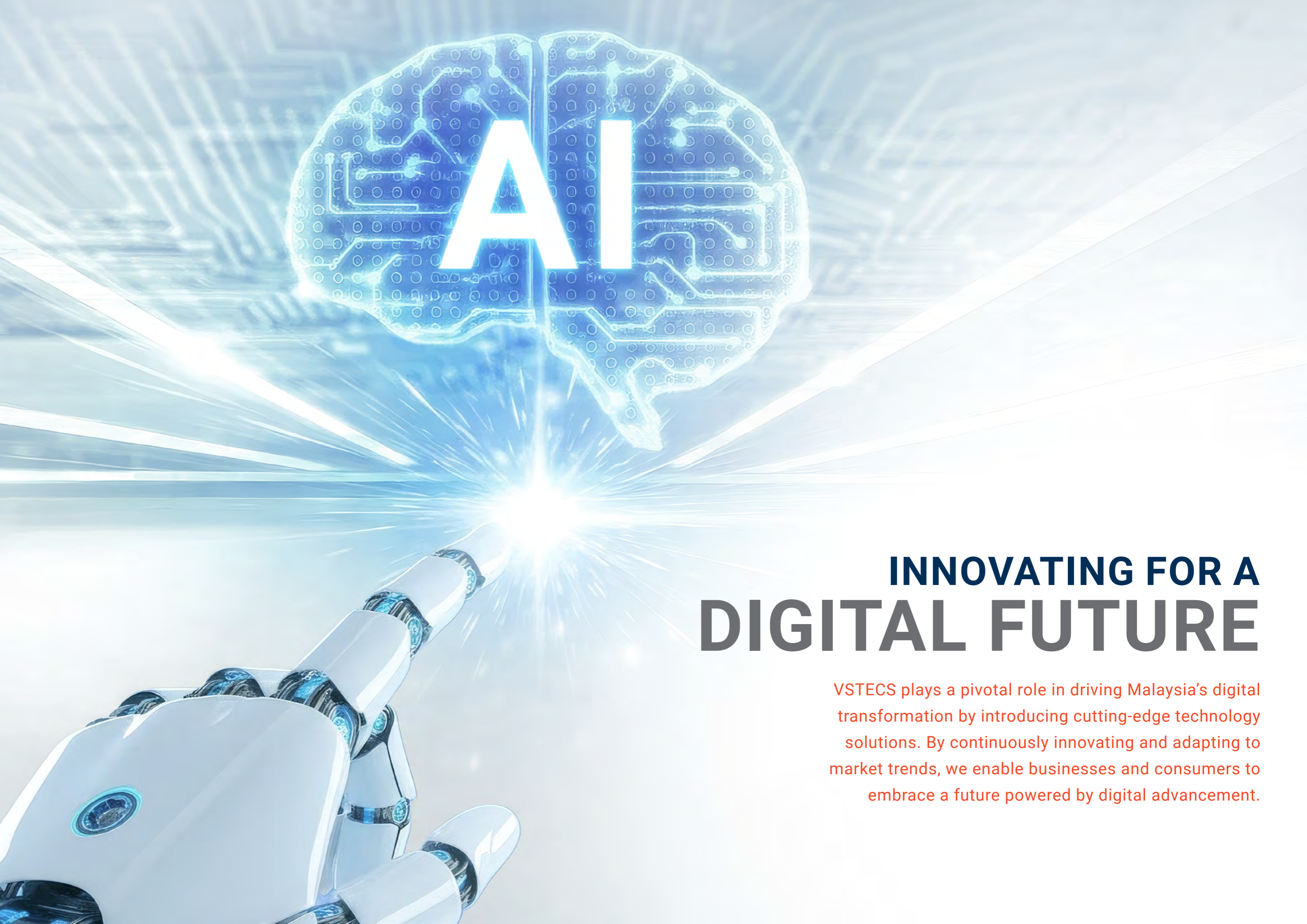
VSTECs Berhad ("VSTECs" or the "Company") and its subsidiaries ("the Group") started in 1985 with the establishment of VSTECs KU Sdn. Bhd. Today, the Group is a leading distribution hub for Information and Communication Technology ("ICT") products and services in Malaysia via VSTECs Astar Sdn. Bhd. and 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 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.





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 Valued Stakeholders,

As Malaysia's digital transformation continues to accelerate, VSTECS Berhad ("VSTECS" or the "Company") remains focused on empowering businesses and consumers to harness technology and thrive in an increasingly dynamic world. It gives me great pleasure to present our Annual Report and Audited Financial Statements for the financial year ended 31 December 2025 ("FYE 2025"), a year that not only delivered another record financial performance but also marked an important milestone in our evolution.

Chairman's Statement

REVENUE

RM3.61
billion

NET PROFIT

RM98.5
million

TOTAL DIVIDEND

10.8 sen
per share

DIVIDEND PAYOUT RATIO

39%
of PATAMI



FYE 2025 was especially meaningful as we celebrated our 40th anniversary. Founded in 1985, we have had the privilege of witnessing and participating in four decades of technological transformation in Malaysia, and we are grateful to have grown alongside the nation's digital journey. What began with the vision and determination of our founders has evolved into a company that plays an important role in the nation's information technology landscape.

I feel a deep sense of gratitude in what we have achieved together. Our progress would not have been possible without the dedication of our people and the trust placed in us by our partners and shareholders. As we reflect on the past four decades, we remain guided by the same corporate values that shaped our early years – integrity, resilience, and agility to embrace change. Our corporate DNA continues to guide us as we build for the future and create long-term value for our stakeholders.

SUSTAINABLE GROWTH AND SHAREHOLDER REWARDS

In FYE 2025, we delivered another year of outstanding performance, with revenue reaching RM3.61 billion and net profit rising to RM98.5 million. Growth was broad based, with every segment of our business exhibiting strong momentum. This performance reflects the strategies we have steadily implemented over the past years, translating our ambitions and plans into tangible results.

During the year, we were also recognised for our strong financial fundamentals through our inclusion as a constituent of the BMQ50 Index, which tracks 50 quality companies listed on Bursa Malaysia outside the benchmark FBM KLCI. This recognition reflects the Group's strong fundamentals and growth trajectory, and we believe it will further strengthen investor confidence in VSTECS.

Chairman's Statement

With this record performance, we were pleased to deliver meaningful returns to our shareholders. For FYE 2025, we declared total dividends of 10.8 sen per share, amounting to an aggregate payout of RM38.5 million, representing a 40% increase as compared to RM27.5 million in FYE 2024. At the same time, we remain mindful of the capital required to support future expansion and strategic initiatives.

To further enhance shareholder value, we also announced a bonus issue of two new shares for every one existing share held, an initiative intended to improve trading liquidity and make our shares more accessible to a wider group of investors.

GOVERNANCE AT OUR CORE

Our performance is not driven by implementation of business strategies alone. It is also supported by our strong commitment to corporate governance and effective risk management oversight.

Good governance is embedded in the way we operate. It guides our decision-making, strengthens accountability, and ensures that the appropriate checks and balances are in place throughout the organisation. This disciplined approach has helped us navigate challenges while maintaining the confidence of our stakeholders.

As VSTECS continues to grow in scale and complexity, maintaining strong governance becomes even more important. It ensures that we balance ambition with responsibility, manage risks prudently, and protect the Company's reputation and ultimately shareholders' equity.

DRIVING GROWTH RESPONSIBLY

We firmly believe that financial progress and responsible business practices must go hand in hand. Sustainability principles guide how we operate, serve our customers, and build long-term value for our stakeholders.

In FYE 2025, we were honoured to be included in the Bursa Malaysia FTSE4Good Index with a four-star rating, which recognises companies with strong ESG practices. This recognition encourages us to continue strengthening our sustainability practices while maintaining a disciplined approach to ESG across the organisation. For us, ESG forms a core component of how we conduct our business and build lasting partnerships with our stakeholders.

For a more detailed overview of our sustainability initiatives and progress, please refer to our Sustainability Statement.



A NEW CYCLE OF GROWTH

The pace of digital transformation continues to accelerate, and we believe VSTECS is well positioned to capture the new demand across industries, redefining how business operate and consumers interact with technology.

We are particularly excited about the rise of artificial intelligence ("AI"), which is beginning to transform not only how businesses operate but also how people interact with technology in their daily lives. At VSTECS, we are ready to accelerate this transformation by working closely with our partners and customers to bring the latest innovations into the Malaysian market.

We remain as excited about the future today as we were on the Company's first day more than 40 years ago. Technology continues to evolve rapidly, and that is precisely what makes this industry so exciting. Rather than simply keeping pace with change, we aim to play an active role in shaping what comes next.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere appreciation to everyone who has been part of our journey, both past and present. Each person who has walked alongside us has helped shape VSTECS into the Company it is today. No matter how big or small the role, every contribution has mattered.

My special thanks, as always, go to our dedicated workforce. You are the foundation of VSTECS. Your dedication, passion, and commitment show through in the work you do every day, and our success is truly your success. I am personally grateful to each and every one of you.

To our management team who lead the business from the front, thank you for carrying the responsibility of steering the Company forward. To our Board of Directors, your wisdom and guidance have been invaluable in helping us stay on course and grow responsibly.

I would also like to thank our principals and channel partners for your continued trust and support. The strong partnerships we have built over the years are the backbone of our shared successes together.

Every milestone we achieve is the result of the collective effort of people across every level of the organisation and our wider ecosystem. It is truly inspiring to see the chemistry, collaboration, and camaraderie that exists within the VSTECS family. With this spirit, I am confident that we will continue to move forward together and reach even greater heights in the years ahead.

MADAM LEE MARN FONG @ WU MARN FONG

Non-Independent Non-Executive Chairman

Chairman's Statement

CEO's Statement and Management Discussion & Analysis



SOONG JAN HSUNG
Executive Director/
Chief Executive Officer

Technology will always continue to evolve, often faster than expected. Yet it is this constant change that keeps VSTECS relevant. By staying closely aligned with global technology leaders while maintaining strong relationships with our local partners, we continue to adapt, innovate, and remain at the centre of Malaysia's digital transformation journey.

CEO's Statement and Management Discussion & Analysis

For many years, we have been laying the groundwork that has brought VSTECS to where it is today. We worked to strengthen our relationships with global technology principals, expanded our channel ecosystem, invested in technical capabilities, and positioned ourselves across multiple segments of the technology value chain. These were deliberate steps taken with a long-term view, with the aim of preparing the Group to capture opportunities as the technology landscape evolved.

In 2025, these efforts translated into a year of strong performance, with growth across all three business segments. Revenue and profitability reached new highs, supported by robust demand across consumer, enterprise, and public-sector markets. More importantly, what we are witnessing reflects a broader structural shift driven by accelerating digitalisation, the rise of artificial intelligence ("AI"), and growing investments in next-generation digital infrastructure.

In many ways, our achievements reflect the culminative effect of the foundation built over time. As the pace of technological change accelerated, we sought to position ourselves for what lies ahead. Our role gradually extended beyond that of a traditional distributor to a facilitator within the technology ecosystem, bringing relevant innovations to the Malaysian market so that businesses, government institutions, and consumers can benefit from them.

Technology will always continue to evolve, often faster than expected. Yet it is this constant change that keeps VSTECS relevant. By staying closely aligned with global technology leaders while maintaining strong relationships with our local partners, we continue to adapt, innovate, and remain at the centre of Malaysia's digital transformation journey.

The results achieved in 2025 should be seen as part of an ongoing journey rather than the peak of a cycle. We remain focused on building on this momentum as we continue to pursue further opportunities and create sustainable value over time.

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 consumer and enterprise markets. Since our establishment in 1985, we have played an important role in enabling the country's technology ecosystem by connecting global technology brands with businesses and consumers across Malaysia.

Our role goes beyond traditional product distribution. VSTECS serves as a bridge between technology innovators and the local market, ensuring that the latest innovations are introduced and supported with the right expertise. In addition to distributing devices and infrastructure solutions, the Group provides value-added capabilities including pre-sales consultation, solution design, technical implementation, and post-sales support.

Our operations are organised into three core business segments: **ICT Distribution, Enterprise Systems, and ICT Services**. This structure allows us to serve a broad spectrum of market needs across the technology value chain, ranging from consumer devices to enterprise infrastructure and professional services.

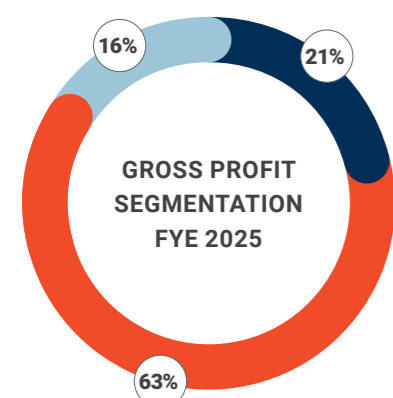
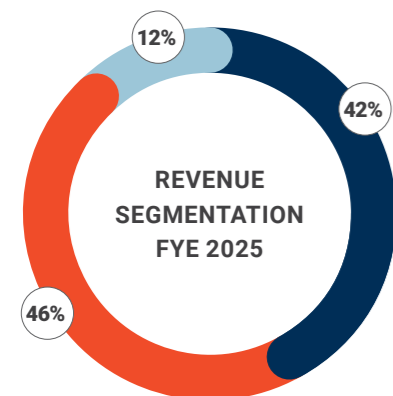
At the heart of our business is the strong network of global brands we represent and the extensive channel ecosystem we support. As at the end of 2025, the Group maintains distributorship agreements with more than 50 global technology brands, allowing us to offer a comprehensive portfolio of ICT products and solutions. Through an extensive network of more than 4,000 channel partners, including IT retailers, corporate dealers, and enterprise system integrators, we serve customers ranging from individual consumers to large corporations and government agencies.

These activities are supported by our warehousing, logistics, and nationwide sales infrastructure, enabling efficient distribution and market reach across Malaysia. Our headquarters and central warehouse are located in Kota Damansara, Petaling Jaya, with regional sales offices in Pulau Pinang, Kuantan, Johor Bahru, Kuching, and Kota Kinabalu, allowing us to support partners and customers across the country. In addition to our physical distribution network, we also support digital channels by operating official online brand stores on major e-commerce platforms on behalf of our technology principals.

The Group also holds a 40% equity interest in ISATEC Sdn. Bhd., an IT services and software development company specialising in enterprise and public sector solutions. This strategic investment strengthens our capabilities in technology services and enables us to deliver more integrated solutions to meet the growing demand for digital transformation.

As at the end of 2025, the Group employs 441 professionals, including technical specialists, solution architects, and sales professionals who work closely with our partners and customers. This strong talent base enables VSTECS to remain agile, support evolving market needs, and continue delivering value across the technology ecosystem.

CEO's Statement and Management Discussion & Analysis



- ICT Distribution
- Enterprise Systems
- ICT Services

OVERVIEW OF GROUP FINANCIAL PERFORMANCE

The financial performance achieved in FYE 2025 reflects the effectiveness of our strategy and execution. The Group recorded revenue of RM3.61 billion, representing a 24% year-on-year ("YoY") increase, while gross profit rose 33% to RM228.7 million. Profit after tax reached RM98.5 million, a 40% increase compared with the previous year. These results mark another record year for VSTECS and demonstrate the strong momentum across our business.

Growth was broad-based, with all three of our core segments achieving record performance. ICT Services and Enterprise Systems were the fastest growing segments during the year, expanding by 43% and 30% respectively, driven by increasing enterprise demand for digital infrastructure, AI-ready systems, and cloud services. At the same time, ICT Distribution continued to perform strongly, delivering 15% growth and maintaining its role as a key driver of volume and market reach.

Each of these segments plays a complementary role within the Group's operating model, forming a balanced and diversified foundation for the Group's long-term prospects. Enterprise Systems and ICT Services typically generate higher margins, reflecting the value-added nature of infrastructure projects and technology services. These segments, however, are project-based and tend to operate on longer cycles and with higher working capital requirements. In contrast, ICT Distribution operates on thinner margins but benefits from shorter inventory turnover, resulting in faster cash flow generation. These complementary pillars have been a defining strength of VSTECS. It allows us to combine scale, margin expansion, and cash flow efficiency, creating a business model that is both resilient and capable of sustaining growth.

As the higher margin segments grew more rapidly in FYE 2025, gross profit expanded faster than revenue, with gross margin improving to 6.3% from 5.9% in the previous year. Supported by disciplined cost management and operational efficiencies, profit after tax rose even faster to RM98.5 million, an increase of 40% YoY.

Our associate company, ISATEC Sdn. Bhd., also delivered a strong performance and contributed RM6.2 million to Group earnings based on our 40% equity interest. This represents an 86% increase from the previous year, driven largely by rising demand for digitalisation projects, as well as the rollout of backend solutions for e-invoicing portals.

Liquidity and Financial Resources

The Group continues to demonstrate strong operational discipline, reflected in a cash conversion cycle of 55 days in FYE 2025. Our working capital days were slightly higher compared to the previous year as we embarked on more enterprise projects, which typically have longer project cycles. Nevertheless, our working capital cycle remains healthy, reflecting the Group's continued prudence in capital management.

We also maintained a very solid financial position. As at 31 December 2025, the Group remained in a net cash position of RM65.4 million with minimal leverage, supported by a low gross gearing ratio of 0.04 times. Our total net assets stood at RM573.5 million, equivalent to a net asset per share of RM1.61.

CEO's Statement and Management Discussion & Analysis

Our balance sheet strength is further reflected in a current ratio of 2.0 times and a return on equity of 18% for the year. Together, these metrics reflect a financially resilient and well-managed organisation that is positioned to capture future growth opportunities while continuing to deliver sustainable value to our shareholders.

Financial and Credit Risk Management

As Malaysia's leading ICT distributor, VSTECS serves as a key bridge between global technology principals and the market, delivering a wide range of ICT products and solutions through our extensive network of channel partners. To enable our partners to efficiently bring these solutions to businesses and consumers across the country, the Group extends credit facilities to qualified partners based on careful assessments of their financial strength and creditworthiness. Given the scale and volume of transactions within our distribution network, disciplined credit management is essential to ensure the smooth flow of business while safeguarding the Group's financial strength.

The Group therefore maintains a well-established and structured framework for credit and financial risk management, with clear processes for evaluating creditworthiness, monitoring receivables, and managing collections. Credit limits are granted based on thorough assessments of each partner's financial standing and track record, complemented by ongoing engagement with customers to promote healthy payment behaviour and timely settlements. As at 31 December 2025, the Group remained in a net positive cash position, reflecting our strong financial footing and prudent liquidity management.

To further safeguard our operations, we have implemented stringent operational controls to mitigate both credit and fraud risks.

These include comprehensive credit eligibility assessments, clearly defined approval processes, and system embedded controls that enhance oversight and reduce the likelihood of irregular transactions. Together, these safeguards strengthen our ability to manage risk while maintaining operational efficiency.

For FYE 2025, bad debt impairment amounted to RM5.7 million, representing only 0.16% of the Group's total revenue of RM3.61 billion. This exceptionally low impairment ratio reflects the effectiveness of our disciplined credit practices and underscores the robustness of our operating model. The higher impairment in FYE 2025 was primarily attributable to the Group's prudent decision to fully provide for a receivable that is currently under litigation. The receivables under litigation was subsequently collected and the suit withdrawn.

As at 31 December RM'000	2023	2024	2025
Trade Receivables	381,785	430,973	648,350
Impairment Loss	(2,103)	(3,272)	(7,823)
Impairment % on Receivables	0.55%	0.76%	1.21%

INVENTORY MANAGEMENT

As a distributor for a wide portfolio of global ICT brands, effective inventory management is essential to ensuring smooth operations while minimising the risk of stock obsolescence. The Group places strong emphasis on maintaining optimal inventory levels through trend analysis, continuous monitoring and careful planning. This allows us to respond quickly to evolving market trends while ensuring that our channel partners have timely access to the products they need.

Managing inventory efficiently is particularly important given the scale and complexity of our operations, which involve more than 100,000 stock keeping units (SKUs) across multiple product categories. Inventory planning is supported by dedicated teams who oversee purchasing activities and stock management across the Group. Each product manager is responsible for demand forecasting, purchase planning, and monitoring inventory levels for the respective brands under their portfolio. Stock movement is closely tracked on a sell through basis, supported by regular analysis of inventory ageing to ensure appropriate adjustments are made when necessary.

We also work closely with our principals on marketing initiatives, pricing and promotional strategies to ensure healthy product movement across our channel. As a result of these disciplined practices, the Group has recorded minimal inventory write downs over the past three years, reflecting the effectiveness of our inventory management approach.

As at 31 December RM'000	2023	2024	2025
Inventories	200,802	247,745	269,440
Inventories Write-back / (write-down)	1,234	(2,646)	(2,061)
% against Inventories	0.61%	-1.07%	-0.76%

CEO's Statement and Management Discussion & Analysis

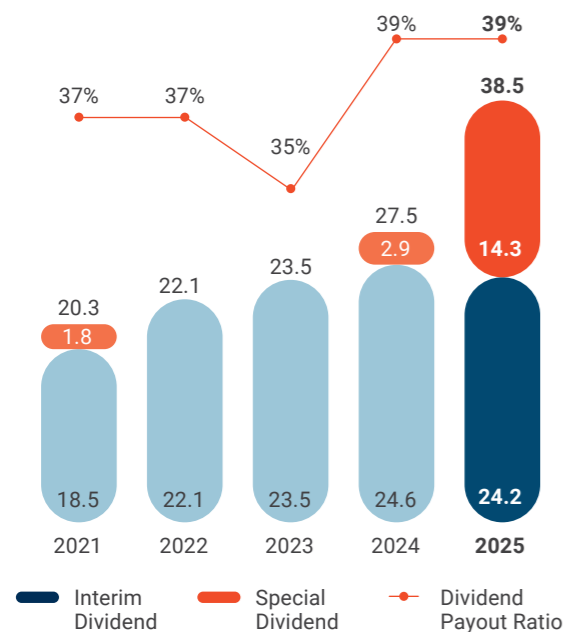
DIVIDENDS

Delivering sustainable returns to our shareholders remains a key priority for the Group, and we have maintained a consistent track record of rewarding shareholders through annual dividend payments. As our profitability has grown over the years, we have correspondingly increased the quantum of dividends distributed, reflecting our commitment to sharing the Group's success with our shareholders.

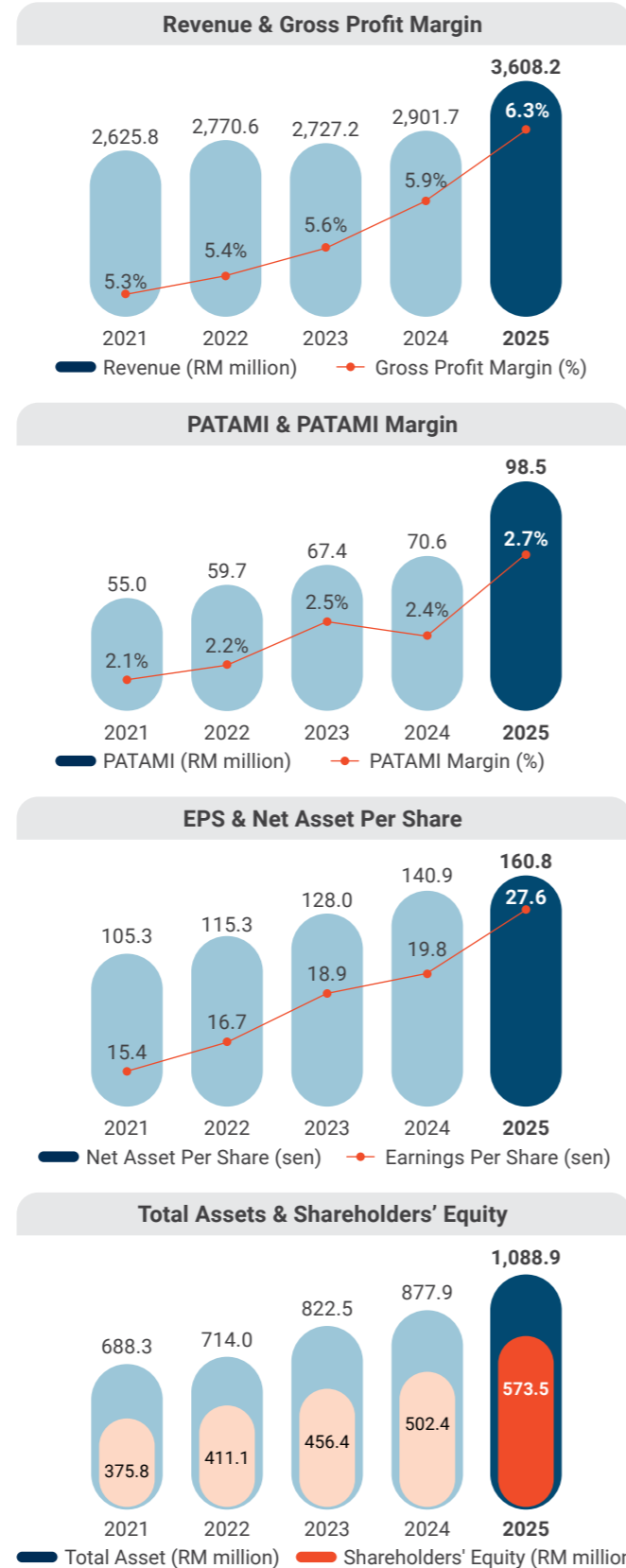
For FYE 2025, we declared two interim dividends together with a special dividend, bringing the total dividend to 10.8 sen per share, equivalent to a payout of RM38.5 million. This represents our highest dividend payout to date, and a 40% increase from the previous year, underscoring the strong financial performance achieved during the year. The dividend payout ratio for FYE 2025 stood at 39%, and we have consistently maintained a payout ratio of above 30% over the years.

While rewarding shareholders remains important, we also carefully balance our dividend policy with the Group's capital requirements. As the business continues to grow and pursue larger enterprise and infrastructure projects, adequate working capital is required to support these opportunities.

In addition to dividends, we continue to undertake other avenues to enhance shareholder value. We recently announced a proposed bonus issue of two new shares for every one existing share held. This initiative is expected to make our shares more affordable and accessible to a broader pool of investors while improving trading liquidity in the market.



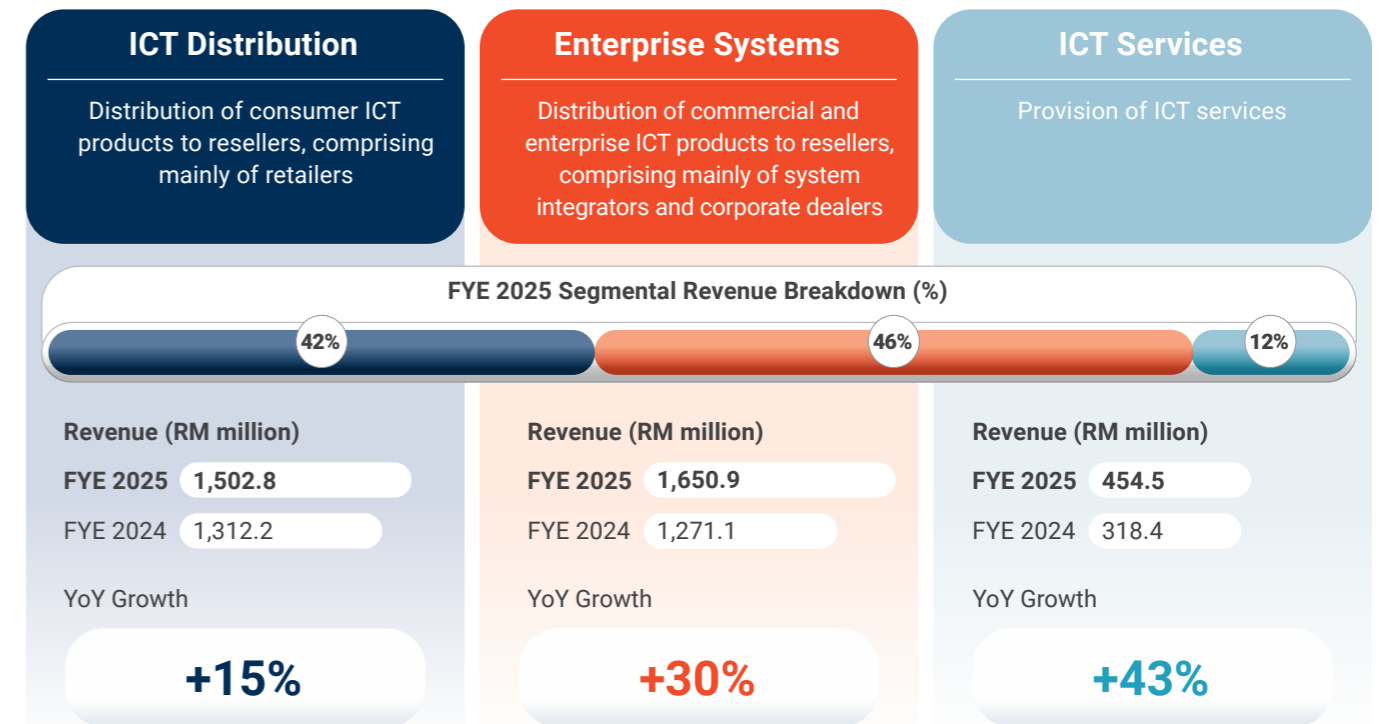
SUMMARY OF FIVE-YEAR FINANCIAL PERFORMANCE



CEO's Statement and Management Discussion & Analysis

PERFORMANCE REVIEW BY BUSINESS SEGMENTS

The Group's business segments are as follows:



ICT Distribution

The ICT Distribution segment delivered a robust performance in FYE 2025, recording revenue growth of 15% to reach RM1.50 billion. This performance is particularly encouraging as it demonstrates that demand for devices has continued to expand well beyond the surge experienced during the pandemic, when remote working and learning drove exceptional demand. In fact, our shipment volumes in FYE 2025 have exceeded pandemic levels, reflecting the increasing momentum of device penetration and the strength of this segment.

A key driver of this growth is the ongoing device replacement cycle, which remains robust as consumers continue to upgrade their devices to keep pace with evolving technology. The emergence of AI enabled devices has also stimulated additional demand, with consumers increasingly seeking devices capable of supporting more intelligent applications and higher performance requirements. In addition, we benefited from stronger sales contributions from several brands where VSTECs serves as the exclusive distributor, as well as the new product launches at more affordable price points that resonated well with the broader base of consumers.

Beyond individual product launches, structural trends are also supporting demand. Everyday lifestyles are becoming increasingly digitalised, with consumers relying more heavily on services such as e-wallets, ride hailing platforms, online banking, digital entertainment, and e-commerce. As digital services become deeply embedded in daily life, users are demanding faster, more powerful, and more reliable devices and accessories, which naturally drives continuous upgrades.

We also distribute satellite internet hardware, which plays an important role in expanding connectivity to underserved and rural areas. As internet access improves in these regions, it creates a virtuous cycle where greater connectivity leads to increased adoption of digital services, which in turn drives demand for devices and related accessories. This further expands the addressable market for ICT products.

ICT Distribution remains a foundational pillar of our business. Devices have become indispensable tools for work, communication, entertainment, and everyday living. As technology continues to evolve and digital adoption deepens across society, the need for consumers to upgrade and replace their devices will remain a persistent and powerful driver of growth for this segment.

CEO's Statement and Management Discussion & Analysis

Enterprise Systems

The Enterprise Systems segment staged a strong rebound in FYE 2025, returning to a solid growth trajectory after the temporary contraction experienced in FYE 2024. Segment revenue increased by 30% YoY to RM1.65 billion, making it the largest contributing segment for the year.

A significant portion of this growth was driven by the resurgence of public sector projects, as the government intensified efforts to accelerate digitalisation across ministries, agencies, and state administrations. As Malaysia continues to advance its ambitions of becoming a digital economy and prepares for the growing adoption of AI, government-linked entities have begun upgrading their ICT infrastructure to support data-intensive applications, cloud computing, and AI driven systems. With our extensive portfolio of leading global technology brands, VSTECS was well-positioned to capture numerous public sector projects, particularly those requiring AI-ready and cloud-enabled infrastructure.

In parallel, the private sector remains committed to investing in ICT infrastructure to enhance productivity, strengthen cybersecurity, and remain competitive in an increasingly digital environment. With the rapid emergence of AI, many organisations are beginning with pilot programmes and proof-of-concept deployments to explore practical applications, laying the groundwork for larger scale investments as businesses gain greater clarity on how AI can deliver tangible value.

Another important growth area within this segment is data centre ("DC") infrastructure. Under our Enterprise Systems portfolio, we provide end-to-end solutions that support the ICT needs of DCs (including servers, storage, networking equipment and software such as virtualisation platforms) required for high-performance environments. While we have already begun to see initial orders from colocation data centre operators, a large number of DCs are still under construction. As these facilities progressively enter the fit-out phase, we expect demand for supporting ICT infrastructure to accelerate further, positioning the Enterprise Systems segment for continued growth.

ICT Services

The ICT Services segment has been the Group's fastest growing segment in recent years, and FYE 2025 was no exception. The segment delivered an impressive 43% YoY growth, reflecting the increasing importance of services within today's technology ecosystem.

A key contributor to this growth was the strong momentum in the Enterprise Systems segment during the year. Many enterprise infrastructure projects require a range of supporting services such as system implementation, integration, migration, and ongoing technical support. As organisations continue to upgrade and modernise their ICT environments, the demand for professional services to ensure smooth deployment and reliable operations has grown significantly.

Another important driver of growth is our cloud business, which we began developing over the past three years. This segment has now reached an inflection point, with multi-year cloud subscriptions contributing meaningfully to the segment's revenue. These subscriptions provide a strong, recurring revenue stream that enhances earnings visibility and positions the Group to benefit from the continued migration of enterprise workloads to the cloud. Our exclusive distributorship arrangement with certain brands in the enterprise segment has also increased demand for the ICT Services segment as we also exclusively provide technical service and support for these brands.

To support the rapid growth of this segment, we have continued to invest in our technical capabilities. Our ICT Services team has expanded to approximately 85 technical professionals, enabling us to meet the growing demand for implementation and support services. With digital transformation initiatives accelerating across both the public and private sectors, we believe ICT Services will remain an exciting and important growth engine for the Group.

CEO's Statement and Management Discussion & Analysis



PROSPECTS, FUTURE PLANS & STRATEGIES

ICT Distribution

Elevated shipment volumes for the ICT Distribution segment are expected to remain supported by ongoing device replacement cycles and continuous innovation in consumer technology. In recent years, upgrade activities has been driven by rising performance expectations and the introduction of new device capabilities. The emergence of AI-enabled endpoint devices is likely to further accelerate this trend, as consumers increasingly seek devices capable of supporting more advanced applications and higher processing requirements. At the same time, several major principals are introducing more competitively priced smartphones and laptops, which increases affordability and supports broader adoption across the consumer market.

Demand for devices also continues to be underpinned by structural lifestyle trends. Consumers are increasingly reliant on digital services such as e-wallets, online banking, e-hailing platforms, e-commerce, and digital entertainment as part of their everyday routines. As these services become more deeply integrated into daily life, devices remain essential tools for both work and personal use, supporting ongoing replacement and upgrade cycles.

Looking further ahead, technological developments in areas such as humanoid robotics are beginning to attract industry attention. Humanoids are widely viewed as a potential future endpoint device that allows AI to interact with the physical environment. These systems bring together advancements in AI, computing power, software platforms, and connectivity to perform real world tasks. While the technology is still in the early stages of development, it represents a possible new frontier in how intelligent systems may be deployed in the future. The Group has already secured a distributorship for humanoid robotics, making VSTECS the first ICT distributor in Malaysia to do so. Consumer humanoid technology is currently under development, and its eventual launch in the near future could represent a significant milestone in how humans and technology interact in everyday environments.

CEO's Statement and Management Discussion & Analysis

Enterprise Systems

The outlook for this segment remains positive as organisations increasingly recognise that continuous investment in ICT infrastructure is essential to remain competitive. Across both the public and private sectors, we are seeing the emergence of structured, multi-year IT transformation programmes aimed at modernising technology environments and preparing for the next phase of digital innovation, such as AI and edge computing. Enterprises are also allocating larger IT budgets to integrate AI into their operations to improve productivity and make better use of data. This trend is further supported by government initiatives to strengthen sovereign AI capabilities.

To capture these opportunities, VSTECS has established a flexible AI business model that accommodates diverse deployment requirements and budgetary considerations. This enables the Group to deliver customised AI stacks tailored to each organisation's needs, thereby accelerating enterprise adoption of AI.

The growing emphasis on sovereign AI infrastructure also presents a significant opportunity. As governments and enterprises place greater priority on safeguarding critical data and intellectual property, demand for locally hosted AI capabilities is expected to rise. VSTECS is well-positioned to support this trend with capabilities spanning the full AI technology stack.

We are collaborating with local independent software vendors (ISVs) to strengthen domestic AI capabilities and contribute to the development of Malaysia's AI ecosystem. By combining global technologies with local innovation, the Group aims to support the growth of a more robust and sustainable AI infrastructure landscape in the country.

ICT Services

The ICT Services segment continues to grow in tandem with the Enterprise Systems business, as most large-scale technology deployments require implementation, integration, and ongoing technical support. Backed by an expanding team of vendor-certified engineers, the Group is well-positioned to deliver complex, end-to-end solutions together with our channel partners. As enterprises undertake larger and more sophisticated IT projects, the role of professional services becomes increasingly critical to ensure successful deployment and long-term system reliability.

At the same time, our cloud subscription business continues to gain momentum and is becoming an important source of recurring revenue for the Group. These multi-year subscriptions provide greater earnings visibility while strengthening the stability of the ICT Services segment. Cloud adoption in Malaysia is accelerating as enterprises modernise legacy systems, enhance cybersecurity capabilities, and migrate workloads to more scalable and cost-efficient platforms.

Government initiatives are also reinforcing this trend. Under Belanjawan MADANI 2026, the Malaysian Communications and Multimedia Commission (MCMC) has allocated RM2 billion to develop a Sovereign AI Cloud, aimed at ensuring that national data and computing capabilities remain within the country while strengthening security, regulatory compliance, and data sovereignty. This initiative is expected to further stimulate demand for cloud infrastructure and related services.

The shift towards AI-ready infrastructure is also expected to benefit the ICT Services segment. AI deployments typically involve more complex requirements, including data preparation, workload orchestration, cybersecurity, optimisation, and ongoing system management. As a result, these projects tend to be more service-intensive and may offer better margin potential compared with traditional product distribution. Over time, the combination of professional services and recurring cloud subscriptions is expected to strengthen the segment's revenue mix and build a larger base of repeatable, recurring income for the Group.

CEO's Statement and 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:

Credit Defaults

Risk factor:

One of the primary operational risks we face stems from credit defaults on accounts receivable. This exposes the Group to potential credit risk should our debtors face financial difficulties or payment delays.

Mitigation measures:

The Group maintains a disciplined credit management framework supported by stringent credit evaluation processes. Credit limits are assigned based on financial strength and payment track record, with ongoing monitoring of receivables and regular engagement with customers to ensure timely collections. A diversified partner base also reduces concentration risk, while system-based controls enhance monitoring and oversight of credit exposures.

Inventory Obsolescence

Risk factor:

The ICT industry is characterised by rapid technological advancement and frequent product refresh cycles. As the Group manages a large portfolio of products with more than 100,000 stock keeping units (SKUs), there is a risk that certain inventory may become obsolete if demand shifts or newer technologies are introduced.

Mitigation measures:

VSTECS adopts disciplined inventory planning supported by continuous monitoring of stock levels and inventory ageing. Product managers oversee demand forecasting and purchasing decisions for the brands under their portfolio. The Group also works closely with principals on marketing initiatives and promotional programmes to maintain healthy sell through. These measures have enabled the Group to maintain minimal inventory write downs.

Foreign Exchange Fluctuations

Risk factor:

We purchase from multiple brand principals, and a significant portion of our costs is in United States Dollars ("USD"), while our revenue is mostly in Ringgit Malaysia.

Mitigation measures:

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.

CEO's Statement and Management Discussion & Analysis

Dependency on Brand Principals

Risk factor:

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.

Mitigation measures:

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:

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.

Mitigation measures:

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. Recurring revenue from cloud subscriptions are also starting to contribute more meaningfully in our ICT Services segment.

Rapid Technological Changes

Risk factor:

The technology industry evolves quickly, with new innovations and emerging technologies potentially reshaping demand patterns and product categories. Failure to keep pace with technological developments could affect the Group's competitiveness.

Mitigation measures:

VSTECS continuously monitors global technology trends and works closely with leading technology principals to introduce new innovations to the Malaysian market. The Group has also expanded its focus into emerging areas such as artificial intelligence infrastructure, cloud solutions, and next generation devices. Leveraging the broader VSTECS Group network across Asia Pacific further enhances our ability to stay aligned with evolving technology trends.

Supply Chain Disruptions

Risk factor:

Supply chain disruptions, whether caused by component shortages, logistics constrains, natural disasters, geopolitical tensions, or global health crises, remain a critical risk.

Mitigation measures:

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.

CEO's Statement and Management Discussion & Analysis

Cybersecurity and Data

Risk factor:

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.

Mitigation measures:

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:

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.

Mitigation measures:

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:

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.

Mitigation measures:

We have a diversified product and service portfolio across all segments: consumer, enterprise and services, ensuring resilience against market fluctuations. We also carry a comprehensive suite of products that cater to all budget requirements. A disciplined approach to cost management, inventory optimisation, and financial prudence further strengthens its ability to navigate economic uncertainties.

CEO's Statement and Management Discussion & Analysis

AWARDS & ACCOLADES

VSTECs Berhad

VSTECs Berhad

- The Edge Billion Ringgit Club 2025 – TECHNOLOGY - Highest Returns to Shareholders Over Three Years

VSTECs Astar Sdn. Bhd.

AgiBot

- The 1st Overseas Leasing Alliance

ASUS

- Top Consumer Gaming Notebook Distributor in financial year ended 31 December 2025 ("FYE 2025")

Dell Technologies

- Best of the Best Distributor of the Year FYE 2025
- FYE 2025 Top Distributor | South Asia Client Solutions
- Top Distributor Client Solutions FYE 2025
- Top Distributor Data Center Solutions | Core Server FYE 2025

EPSON

- FYE 2024 Top Performer Projectors Silver
- FYE 2024 Top Performer Business Inkjet Printers Silver
- FYE 2024 Top Performer CISS/SIDM (Continuous Ink Supply System/Serial Impact Dot Matrix) Gold

Hewlett-Packard

- Best of the Best Distributor FYE 2025
- Best Distributor Product Manager FYE 2025
- Top Distributor FYE 2025 Large Format DesignJet Category
- Top Distributor FYE 2025 Commercial Notebook Category
- Top Distributor FYE 2025 Commercial Desktop Category
- Top Distributor FYE 2025 Consumer Desktop Category
- Top Distributor FYE 2025 Consumer Notebook Category
- Top Distributor FYE 2025 Home Printer Category
- Top Distributor FYE 2025 Ink Supplies Category
- Top Distributor FYE 2025 Office Printer Category
- Top Distributor FYE 2025 Workstation Category

Hewlett-Packard Enterprise

- FYE 2024 Top Compute Distributor
- FYE 2024 Top Broadbase Business Distributor
- FYE 2024 Top Performing Coverage Distributor

Lenovo

- Top Distributor Champion 2025
- Top Consumer Distributor Champion 2025
- Top Consumer Tablet Distributor Champion 2025

VSTECs Pericomp Sdn. Bhd.

Alibaba Cloud

- Top Distributor of the Year (2026)
- Global Excellence Channel – Partner of The Year 2026

Cisco

- Distributor of the Year 2025

F5

- 2024 Malaysia Strategic Solutions Distributor of the Year

IBM

- IBM Software Distributor of the Year 2025

Huawei

- Distributor Achiever Award 2025
- Excellence In Partnership 2025

Lenovo

- Top ISG (Infrastructure Solutions Group) Distributor Champion 2025

Red Hat

- Top Deal Reg Contribution Year 2024

Trend Micro

- Partner Excellence Award 2024 – 2025
- Distributor of the Year 2024
- Distributor of the Year 2025

Veeam

- Top Distributor of the Year 2025

CEO's Statement and Management Discussion & Analysis



ACKNOWLEDGEMENT & CONCLUSION

As I reflect on 2025, I feel a deep sense of gratitude for how far we have come. The strong performance we achieved was not simply the result of favourable market conditions, but the outcome of years of dedication, preparation, and hard work. Step by step, we strengthened our partnerships, expanded our capabilities, and positioned VSTECs as one of the enablers of Malaysia's technology ecosystem. Seeing those efforts come together this year has been incredibly rewarding.

Looking ahead, our mission remains clear. We will continue to bring the latest global technologies into the Malaysian market while working closely with local independent software vendors to deepen domestic capabilities and strengthen the digital ecosystem. By combining global innovation with local expertise, we hope to contribute meaningfully in advancing Malaysia's technology landscape and supporting the country's digital future.

None of this would have been possible without the people and partners who have journeyed with us. To our technology principals and channel partners, thank you for your continued trust and collaboration. Together, we are able to bring innovation into the hands of businesses and consumers across Malaysia.

To our Board, management and employees, I want to express my sincere appreciation. Your dedication, passion, and commitment are the true driving force behind VSTECs. Year after year, day after day, you continue to raise the bar and push the organisation forward.

And to our shareholders, thank you for your confidence and unwavering support. Your trust motivates us to continue building a stronger and more resilient company for the future.

With the foundations we have built and the momentum we are seeing today, I believe the journey ahead for VSTECs will be exciting. The best chapters of VSTECs are still ahead of us.

SOONG JAN HSUNG

Executive Director/ 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 decision-making, and stay competitive in a fast-evolving digital economy.

Board of Directors

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



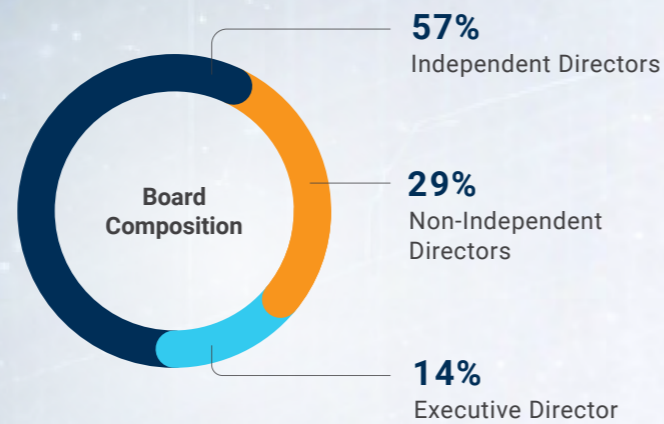
ANNE RODRIGUES NEE KOH LAN HEONG
Independent
Non-Executive Director



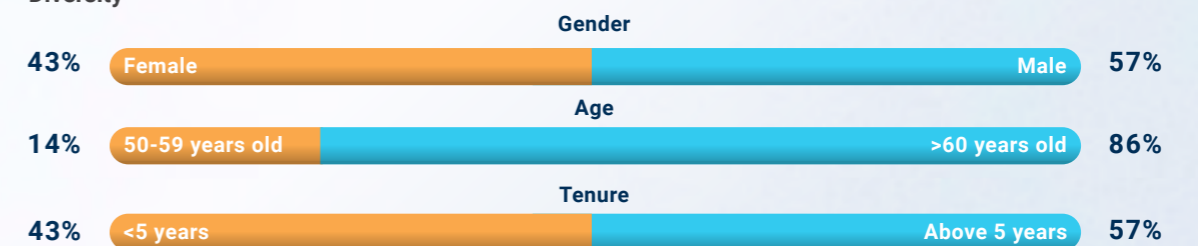
JOSEPHINE PHAN SU HAN
Independent
Non-Executive Director



ONG WEI HIAM
Non-Independent
Non-Executive Director



Diversity



Profile of Board of Directors

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



Gender	Age	Nationality
Female	78	Malaysian

Number of Board Meeting Attended during FYE 2025: 4/4

Working experience

Madam Lee has more than 25 years of experience in 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 2025.

Date of appointment as Director

16 February 2022

Length of service as director since appointment (as at 27 April 2026)

4 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

Profile of Board of Directors

SOONG JAN HSUNG
Executive Director/ Chief Executive Officer



Gender	Age	Nationality
Male	62	Malaysian

Number of Board Meeting Attended during FYE 2025: 4/4

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 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 2025.

Date of appointment as Director

21 February 1997

Length of service as director since listing on 15 April 2010 (as at 27 April 2026)

16 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

Profile of Board of Directors

DATO' KHOO SIN AIK

Senior Independent Non-Executive Director



Gender

Male

Age

64

Nationality

Malaysian

Number of Board Meeting Attended during FYE 2025: **4/4**

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 2025.

Date of appointment as Director

1 January 2020

Length of service as director since appointment (as at 27 April 2026)

6 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

Profile of Board of Directors

ABDUL AZIZ BIN ZAINAL ABIDIN

Independent Non-Executive Director



Gender

Male

Age

67

Nationality

Malaysian

Number of Board Meeting Attended during FYE 2025: **4/4**

Working experience

Encik Abdul Aziz has more than 35 years of experience in the Insurance industry and holds a Fellowship of the Asian Institute of Insurance (AII) (formerly known as the Malaysian Insurance Institute (MII)).

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 Pemas Group, Khazanah Nasional 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 2025.

Date of appointment as Director

1 January 2020

Length of service as director since appointment (as at 27 April 2026)

6 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 Asian Institute of Insurance (AII) (formerly known as the Malaysian Insurance Institute)

Present Directorship(s)**(i) Other Public Listed Companies**

Nil

(ii) Public Companies

Nil

Profile of Board of Directors

ANNE RODRIGUES NEE KOH LAN HEONG

Independent Non-Executive Director



Gender

Female

Age

75

Nationality

Malaysian

**Number of Board Meeting
Attended during FYE 2025:** **4/4**

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 2025.

Date of appointment as Director

30 December 2022

**Length of service as director since appointment
(as at 27 April 2026)**

3 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

Profile of Board of Directors

JOSEPHINE PHAN SU HAN

Independent Non-Executive Director



Gender

Female

Age

61

Nationality

Malaysian

**Number of Board Meeting
Attended during FYE 2025:** **4/4**

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 2025.

Date of appointment as Director

15 June 2023

**Length of service as director since appointment
(as at 27 April 2026)**

2 years 10 months

Board Committee(s) served on

- Member of the 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

Profile of Board of Directors

ONG WEI HIAM

Non-Independent Non-Executive Director



Date of appointment as Director

4 June 2013

Length of service as director since appointment (as at 27 April 2026)

12 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)

Gender

Male

Age

54

Nationality

Malaysian

Number of Board Meeting
Attended during FYE 2025: **4/4**

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 2025.

Senior Leadership Team

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

D TEE ANG KUAN
Group General Manager

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

E SOONG JAN HSUNG
Executive Director/ Chief Executive Officer

C FOO LEK CHOONG
Chief Information Officer

F CHAN PUAY CHAI
Chief Financial Officer



Profile of Senior Leadership Team

SOONG JAN HSUNG

Executive Director/ Chief Executive Officer



Gender

Male

Age

62

Nationality

Malaysian

TEE ANG KUAN

Group General Manager



Gender

Male

Age

64

Nationality

Malaysian

CHAN PUAY CHAI

Chief Financial Officer



Gender

Male

Age

59

Nationality

Malaysian

CHUAH KEE HENG

General Manager of VSTECS Astar Sdn. Bhd.



Gender

Male

Age

57

Nationality

Malaysian

• Sustainability Committee Member

For the profile of Soong, please refer to page 29 of this Annual Report.

• 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.

• 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.

His extensive professional journey encompasses diverse experience in strategic financial management, risk management, corporate exercises, financial analysis, budgeting, forecasting, treasury and tax matters, together with oversight of compliance with applicable accounting standards, laws and regulatory requirements.

• 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

Profile of Senior Leadership Team

LI CHIN YEO

General Manager of VSTECS Pericomp Sdn. Bhd.



Gender

Male

Age

52

Nationality

Malaysian

FOO LEK CHOONG

Chief Information Officer



Gender

Male

Age

50

Nationality

Malaysian

• 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.

• 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 26 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:-

- any other directorship in public companies and listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company; and
- 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:-

- Compliance Committee** – Including Anti-Bribery and Corruption Compliance Committee and Internal Operational Policies Compliance; and
- Sustainability Committee** – Including Enterprise Risk Management Committee, Environmental, Social and Governance Committee, and Health and Safety Committee (Refer to Sustainability Governance Structure in page 98. 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**

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

Non-Independent Non-Executive Director
ONG WEI HIAM

Executive Director/ Chief Executive Officer
SOONG JAN HSUNG

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

Senior Independent Non-Executive Director
DATO' KHOO SIN AIK

AUDIT COMMITTEE

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

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@sshb.com.my

AUDITORS

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

NOMINATING COMMITTEE

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

PRINCIPAL BANKERS

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

REMUNERATION COMMITTEE

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

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@my.tricorglobal.com

SECRETARIES

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

STOCK EXCHANGE LISTING

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

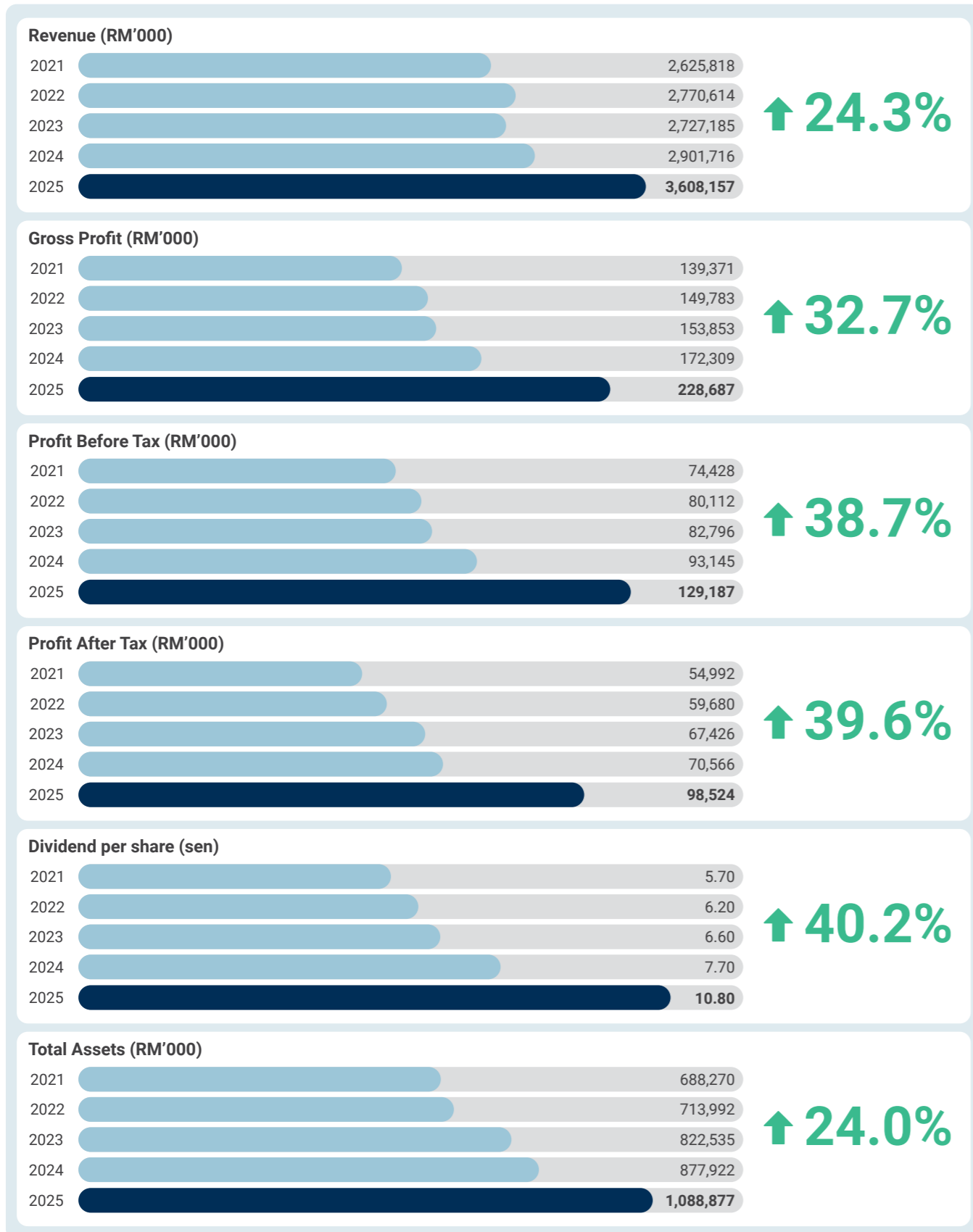
Group Financial Highlights

Financial year ended 31 December	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
KEY OPERATING RESULTS					
Revenue	2,625,818	2,770,614	2,727,185	2,901,716	3,608,157
Gross Profit	139,371	149,783	153,853	172,309	228,687
Profit Before Tax	74,428	80,112	82,796	93,145	129,187
Profit For The Year	54,992	59,680	67,426	70,566	98,524
AS AT 31 DECEMBER KEY FINANCIAL DATA					
Total Assets	688,270	713,992	822,535	877,922	1,088,877
Total Liabilities	312,443	302,876	366,100	375,523	515,411
Total Equity	375,827	411,116	456,435	502,399	573,466
FINANCIAL RATIOS					
	%	%	%	%	%
Profit growth	49.5	8.5	13.0	4.7	39.6
Return on Equity	15.5	15.2	15.5	14.7	18.3
Dividend Yield ⁽¹⁾	4.6	5.3	5.0	1.9	2.7
Dividend Payout Ratio ⁽²⁾	37.0	37.0	34.9	38.9	39.1

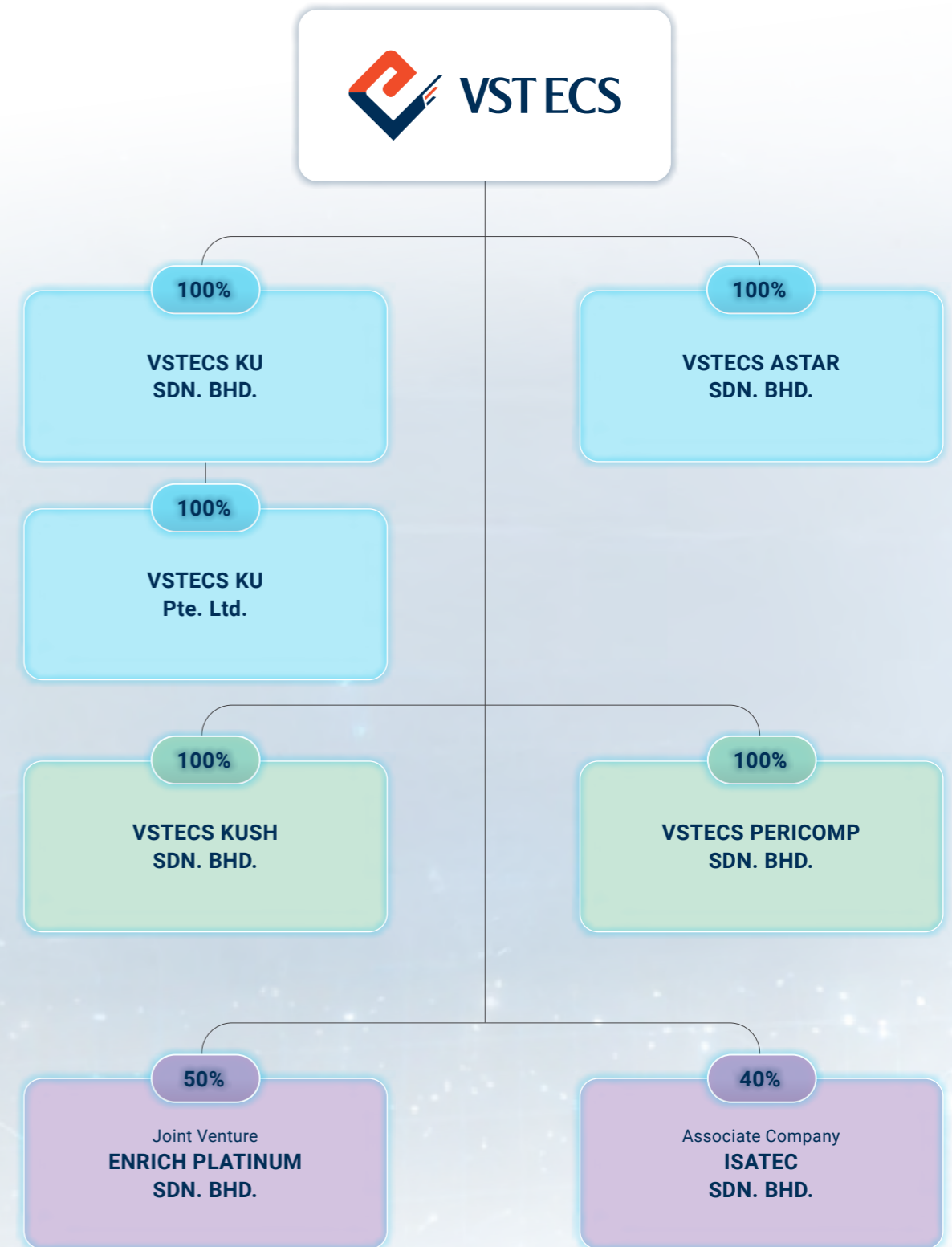
(1) Based on total dividend, inclusive Special Dividend, as a percentage of VSTECS share price as at 31 December

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

Group Financial Highlights



Group Corporate Structure



Corporate Governance Overview Statement

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 2025 (“FYE 2025”) and/or up to the date of this CG Statement (where applicable) (hereinafter referred to as “Applicable Period”):-

<p>Principle A</p> <p>Board Leadership & Effectiveness</p>	<p>Principle B</p> <p>Effective Audit & Risk Management</p>	<p>Principle C</p> <p>Integrity in Corporate Reporting & Meaningful relationship with Stakeholders</p>
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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.vstecs.com.my>

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
<p>Practice 1.1</p> <p>Key Responsibilities of the Board</p>	<p>(1) Corporate Strategy</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) Oversight over Management</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) Overseeing the overall risk and opportunities</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) Ensuring fair return to shareholders</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) Stakeholders’ management</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				
<p>Practice 4.1</p> <p>The Board and management take responsibility for the governance of sustainability in the company</p>	<p>Driving Strategic Thinking on Sustainability</p> <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 2025 when it receives the ESG updates by the CEO. ✓ For FYE 2025, 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 Team:- <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
<p>Step Up Practice 4.5</p> <p>A designated person within management to provide dedicated focus to manage sustainability strategically</p>	<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	<p>Board Leadership and Stewardship</p> <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	<p>Joint Board-Management Strategic Planning Session</p> <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	<p>Regular reporting by CEO and Declaration of Interest by a Director</p> <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	<p>Regular review of materiality and key risks matrix</p> <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. • For FYE 2025, Sustainability Risk formed one of the key risk being reviewed by the ERM Committee, which was reported to the AC and Board respectively during the quarterly meetings.

Corporate Governance Overview Statement

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Succession Planning	<p>Board mix and Composition</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 For FYE 2025, two (2) private sessions (without the presence of the executive management) were held between the AC and the External Auditors.
Stakeholder Management	<p>Stakeholder Management Activities</p> <ul style="list-style-type: none"> The Board noted the stakeholders’ communication activities undertaken by the Company’s nominated spokesperson; The Board is committed to maintaining the highest standards of transparency, accountability, and integrity in disclosing all material information on the Group to the investing public. This commitment ensures that disclosures are accurate, clear, complete, and timely, in line with the continuous disclosure requirements under the Main Market Listing Requirements of Bursa Securities and the Corporate Disclosure Guide issued by Bursa Securities. <p>The Group engages with its stakeholders through multiple platforms, including announcements via Bursa LINK by Bursa Securities, its corporate website, investor relations channel, annual reports, general meetings, media releases, and briefings for investors and analysts.</p> <p>The Company’s corporate website, www.vstecs.com.my, provides stakeholders and investors with easy access to information about the Group and serves as a key platform for investor relations communication. The website is regularly updated with the latest developments within the Group, including all material disclosures, information, and announcements such as annual reports, which are also published on the corporate website after being submitted to Bursa Securities via Bursa LINK. Our corporate presentation decks, press releases and analyst reports are made available on our corporate website. The research reports and press releases are available for viewing under the “News” section of the Company’s corporate website.</p> <ul style="list-style-type: none"> 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; 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 2025; and Review of the Sustainability Statement.
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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.

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	<p>As the Board Chairman, Madam Lee is primarily responsible for:-</p> <ul style="list-style-type: none"> 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.
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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

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.



The Board is of the view that the separation of the positions of the Chairman of the Board and the CEO together with the Independent Non-Executive Directors, provides further assurance that there is a balance of power and authority on the Board and effective stewardship of the Group in terms of strategies and business performance.

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.

MCCG Practices

Practice 1.4

The Chairman of the board should not be a member of the audit committee, nomination committee or remuneration committee.

APPLIED

Applications by VSTECs

- ✓ Madam Lee, the Chairman of the Board in FYE 2025, 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.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.4 Company Secretaries

MCCG Practices

Practice 1.5

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.

Applications by VSTECs

- ✓ The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-
 - Ms. Chua Siew Chuan, FCIS
 - Mr. Cheng Chia Ping, FCIS

✓ **Qualifications**

Both are Fellow 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 ("CCM") pursuant to Section 241(1) of the CA 2016.

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.

✓ **Unrestricted access to the Company Secretary**

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.

✓ **Minute-taker**

The Company Secretaries ensure that the deliberations at the Board meetings are well captured and minuted.

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.

✓ **Facilitator**

The Company Secretaries also play a key role to facilitate communication between the Board and Senior Leadership team.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

MCCG Practices

Practice 1.5

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.

Applications by VSTECS

✔ **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.

For FYE 2025, the Company Secretaries have attended the relevant continuous professional development programmes as required by MAICSA and CCM, respectively, for practising company secretaries to enhance their ability in discharging their duties and responsibilities.

In addition, for FYE 2025, the Company Secretary has attended the IDC Market Update alongside the Directors to keep abreast on the industry development.

- ✔ The Board is satisfied with the performance and support rendered the Company Secretaries to the Board in discharging its functions.

1.5 Circulation of meeting materials

MCCG Practices

Practice 1.6

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.

APPLIED

Applications by VSTECS

- ✔ 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

1.6 Board Charter

MCCG Practices

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

APPLIED

Applications by VSTECS

- ✔ 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.

✔ **Publication on the corporate website**

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

1.7 Code of Conduct and Ethics

MCCG Practices

Practice 3.1

The board establishes a *Code of Conduct and Directors' Code of 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 Directors' Code of Ethics* are both published on the Company's website.

APPLIED

Applications by VSTECS

- ✔ 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.

- (a) Directors' Code of Ethics; and
(b) VSTECS's Code of Conduct.

(Collectively, referred to as the "Codes")

✔ **Publication on the corporate website**

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

Corporate Governance Overview Statement

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 2025, the Group has undertaken the following activities:

- (a) ABC training as part of the orientation programme for all new employees; and
- (b) Refresher ABC training for employees.

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 style="text-align: center; background-color: #004a7c; color: white; padding: 5px; border-radius: 10px;">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. ✔ Publication on the corporate website <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>

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 style="text-align: center; background-color: #004a7c; color: white; padding: 5px; border-radius: 10px;">APPLIED</p>	<ul style="list-style-type: none"> ✔ Handling of Reported Allegation(s) <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"> ✔ Communication and Feedback Channel <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 2025, there was no whistleblowing report being made.</p>

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 style="text-align: center; background-color: #004a7c; color: white; padding: 5px; border-radius: 10px;">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.

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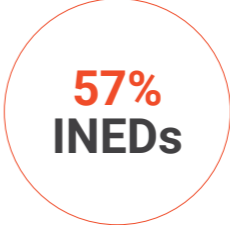


PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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>	<p>✔ Publication on the corporate website</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>

(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>	<p>✔ For FYE 2025, the tenure of each Director has been reviewed by the Nominating Committee ("NC") and annual re-election of a Director has been contingent on satisfactory evaluation of the Directors' performance and contribution to the Board:-</p> <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> <p>Pursuant to Clause 21.6 of the Constitution of the Company, the following Directors are to retire at the forthcoming Thirtieth ("30th") AGM (hereinafter referred to as "the Retiring Directors"):-</p> <ul style="list-style-type: none"> • Mr. Soong Jan Hsung; and • Encik Abdul Aziz Bin Zainal Abidin <p>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:-</p> <ul style="list-style-type: none"> • Mix of skills; • Character; • Experience; • Integrity; • Competence; and • Time commitment to discharge their roles.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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>	<p>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:-</p> <ul style="list-style-type: none"> • 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. <p>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 30th AGM.</p> <p>(b) Board composition and mix of skills</p> <p>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.</p> <p>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 2025.</p> <p>The biographical details of the Board members are set out in the Directors' Profile section of this Annual Report.</p>
<p>Practice 5.2</p> <p>At least half the Board comprises independent directors</p> <p>APPLIED</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>57% INEDs</p> </div> <div style="text-align: center;">  <p>29% NINEDs</p> </div> <div style="text-align: center;">  <p>14% EDs</p> </div> </div> <p>✔ 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").</p> <p>✔ As the Board with a majority of INEDs, the Board believed that it would allow for more effective and impartial oversight of management.</p>

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

MCCG Practices	Applications by VSTECs
<p>Practice 5.3</p> <p>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.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> 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.
<p>Practice 5.4 – Step Up</p> <p>The board has a policy which limits the tenure of its independent directors to nine years without further extension.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> 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 Nominating Committee (“NC”) and the Board should justify and seek annual shareholders’ approval through a two-tier voting process as described in the MCCG, upon the commendation from the NC.
<p>Practice 5.5</p> <p>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 gender⁴</p> <p>APPLIED</p>	<ul style="list-style-type: none"> The Board through the NC, undergone the four-staged process as follows, for appointment/ re-appointment of the Director:- <div style="text-align: center;"> </div> <ul style="list-style-type: none"> 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.

MCCG Practices	Applications by VSTECs
<p>Practice 5.6</p> <p>In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders.</p> <p>APPLIED</p>	<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.
<p>Practice 5.7</p> <p>The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director</p> <p>APPLIED</p>	<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. 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.
<p>Practice 5.8</p> <p>Nominating Committee is chaired by an independent director or Senior Independent Director</p> <p>APPLIED</p>	<ul style="list-style-type: none"> The NC is chaired by Dato’ Khoo Sin Aik (“Dato’ Khoo”), a Senior Independent Non-Executive Director (“SINED”).

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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.

2.1.1 Gender Diversity

For FYE 2025 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.

42.86% **3** Female Male **4** 57.14%

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 2025, 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 Remuneration Committee.

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 62 years of age; while Dato' Khoo, a SINED, is 64 years of age; Mr. Ong Wei Hiam, the NINED, is 54 years of age; Madam Josephine, an INED, is 61 years of age; Encik Abdul Aziz, an INED, is 67 years of age; Madam Anne, an INED, is 75 years of age; and Madam Lee, the NINE Chairman, is 78 years of age, respectively which underlines the Board's commitment to age diversity at the Board level appointment.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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.vstecs.com.my

2.2 Nominating Committee

The NC is chaired by Dato' Khoo, 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 2025, 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.

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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.

For FYE 2025, the Directors have committed a total of 23 hours 37 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 26 minutes
Audit Committee Meeting	9 hours 9 minutes
Nominating Committee Meeting	1 hour 10 Minutes
Remuneration Committee Meeting	1 hour 10 Minutes
Annual General Meeting	1 hour 42 minutes
Total	23 hours 37 minutes

For FYE 2025, 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 2025.

For FYE 2025, 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 2025 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%

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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.

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
Training Objective 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.	Training Objective To equip the Directors with the latest trend and development affecting the industry and sector as a whole.	Training Objective 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, four (4) Directors have successfully completed the MAP Part II – Leading for Impact.

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

For FYE 2025, the Directors had participated in the following training programmes in addressing their own training needs (hereinafter referred to as the “2025 Directors’ Trainings”):-

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Lee Marn Fong @ Wu Marn Fong	<ul style="list-style-type: none"> Environmental, Social, and Governance (“ESG”) briefing to the Board of Directors and Senior Management (“ESG briefing”), by Joshua Rayan Communications (“JRC”) The Chairpersons’ Circle: Excellence In Board Leadership, by Bursa Malaysia 2025 International Data Corporation (“IDC”) Market Update, by IDC
Soong Jan Hsung	<ul style="list-style-type: none"> ESG briefing, by JRC Mandatory Accreditation Program, Part II (“MAP II”): Leading for impact (“LIP”), by Institute of Corporate Directors Malaysia (“ICDM”) 2025 IDC Market Update, by IDC
Dato’ Khoo Sin Aik	<ul style="list-style-type: none"> ESG briefing, by JRC MAP II: LIP, by ICDM 2025 IDC Market Update, by IDC
Abdul Aziz Bin Zainal Abidin	<ul style="list-style-type: none"> Audit Oversight Board Conversation with Audit Committee, by The Securities Commission Malaysia Board Simulation – Balancing Risks and Opportunity in Sustainability Leadership, by Bursa Malaysia in collaboration with ICDM ESG briefing, by JRC MAP II: LIP, by ICDM Statement of Risk Management and Internal Control (“SORMIC”) Guide 2025 – What’s New?, by The Institute of Internal Auditors The Journey into the AI (“Artificial Intelligence”) Age: Game Changer for Your Digital Transformation Era, by Bursa Malaysia in collaboration with ICDM 2025 IDC Market Update, by IDC
Ong Wei Hiam	<ul style="list-style-type: none"> ESG briefing, by JRC MAP II: LIP, by ICDM 2025 IDC Market Update, by IDC
Anne Rodrigues Nee Koh Lan Heong	<ul style="list-style-type: none"> ESG briefing, by JRC Strategic Oversight in Strategy Implementation – Getting Execution Right at the Board Level, by Bursa Malaysia in collaboration with ICDM 2025 IDC Market Update, by IDC

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Josephine Phan Su Han	<ul style="list-style-type: none"> Beyond Compliance: Leading with AI and Sustainability, by Malaysia Institute of Accountants Certified Public Accountant (“CPA”) Congress - AI Application and Ethics: What every accountant must Know, by CPA Australia CPA Congress - Finance, Policy and Impact - Building Trust in a changing economy, by CPA Australia CPA Congress - Leading with integrity, values, innovation and sustainable impact, by CPA Australia CPA Congress - Perspectives on sovereign AI and responsible governance, by CPA Australia CPA Congress - Sustainability Strategy, by CPA Australia Cyber Security and Board/Audit Risk Committee Responsibility, by CPA Australia ESG Compliance, by ICDM ESG briefing, by JRC Getting Ready for National Sustainability Reporting Framework – Compliance of International Financial Reporting Standards (IFRS) S1 and S2 Standards, by The Malaysian Institute of Certified Public Accountants The SORMIC Guide 2025: What This New Guide Is All About and Its Implications to Listed Issuers, Directors, Management and Auditors, by MAICSA (Malaysian Institute of Chartered Secretaries and Administrators) Responsible AI - What it means and why it matters, by CPA Australia Security the Future: AI, Cybersecurity and the Road to Tech-Driven Growth, by CPA Australia 2025 IDC Market Update, by IDC

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 2025 Directors’ Trainings were adequate.

2026 Directors’ Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2026 (“FYE 2026”), 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.

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 FYE 2025, VSTECS has “digitised” the hardcopy assessment forms. ✓ Directors have been completing the online assessment forms at their convenience and the results were electronically compiled. ✓ Dato’ 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.vsteecs.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(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’ and Senior Management Remuneration Policy, adopted by the Board. ✓ Publication on the corporate website A copy of this Policy is available for viewing under the “Corporate Governance” section of the Company’s corporate website at www.vsteecs.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 2025, the RC comprises solely of Non-Executive Directors and two (2) of them are Independent Directors during FYE 2025. ✓ 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 border="1"> <thead> <tr> <th>Remuneration Committee</th> <th>Number of Remuneration Committee Meetings attended/held in the financial year under review</th> </tr> </thead> <tbody> <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> </tbody> </table>	Remuneration Committee	Number of Remuneration 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 Remuneration 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								

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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

MCCG Practices

Practice 7.2

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

APPLIED

Applications by VSTECs

- ✔ 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 2025, reviewed and recommended to the Board for approval the following matters:-
 - (a) the Group's total bonus for year 2024 and total salary increment for year 2025;
 - (b) the bonus payments to the CEO for year 2024;
 - (c) the bonus payment to the Senior Leadership Team for year 2024;
 - (d) the increments to the Senior Leadership and management teams for year 2025;
 - (e) the Directors' and Board Committee's fees for FYE 2025;
 - (f) the benefits payable to the Directors under Section 230(1)(b) of the CA 2016;
 - (g) the remuneration package of the Non-Independent Non-Executive Chairman as an Advisor of the Company for FYE 2026; and
 - (h) the remuneration package of the ED/CEO for FYE 2026.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

3.1 Details of the Directors' Remuneration for FYE 2025

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 MCCG 2021, there is detailed disclosure on named basis for the remuneration of individual directors.

For FYE 2025, 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:-

Received from the Company

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	57	-	-	-	-	57
Sub-total	57	-	-	-	-	57
Non-Executive Directors						
Lee Marn Fong @ Wu Marn Fong	86	3	-	-	-	89
Dato' Khoo Sin Aik	78	6	-	-	-	84
Abdul Aziz Bin Zainal Abidin	81	8	-	-	-	89
Ong Wei Hiam	81	8	-	-	-	89
Anne Rodrigues Nee Koh Lan Heong	66	7	-	-	-	73
Josephine Phan Su Han	64	4	-	-	-	68
Sub-total	456	36	-	-	-	492
Total	513	36	-	-	-	549

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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	76	-	3,595	31	-	3,702
Sub-total	76	-	3,595	31	-	3,702
Non-Executive Directors						
Lee Marn Fong @ Wu Marn Fong	105	3	-	-	192	300
Dato' Khoo Sin Aik	78	6	-	-	-	84
Abdul Aziz Bin Zainal Abidin	81	8	-	-	-	89
Ong Wei Hiam	81	8	-	-	-	89
Anne Rodrigues Nee Koh Lan Heong	66	7	-	-	-	73
Josephine Phan Su Han	64	4	-	-	-	68
Sub-total	475	36	-	-	192	703
Total	551	36	3,595	31	192	4,405

Note: Salaries include bonus and EPF.

3.2 Details of Top Five (5) Senior Leadership team's Remuneration for FYE 2025

In accordance with Practice 8.2 of the MCGG 2021, a band of the remuneration for the top five senior management (excluding the ED/CEO of the Company), during FYE 2025 are as follows:-

Senior Leadership team	
RM1,650,001 to RM1,700,000	1
RM1,100,001 to RM1,150,000	2
RM700,001 to RM750,000	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 146 to 152.

MCCG Practices	Applications by VSTECS
<p>Practice 9.1</p> <p>The Chairman of the Audit Committee is not the Chairman of the board.</p> <p>APPLIED</p>	<p>✓ 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.</p>
<p>Practice 9.2</p> <p>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.</p> <p>APPLIED</p>	<p>✓ For the Applicable Period, the AC has in its TOR adopted the Practice 9.2 of the MCGG 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.</p> <p>✓ Publication on the corporate website</p> <p>A copy revised TOR of AC is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vsteecs.com.my.</p>
<p>Practice 9.3</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>✓ The AC has adopted the policy and procedures to assess the suitability, objectivity and independence of external auditors ("the EA Policy").</p> <p>✓ Pursuant to the EA Policy, the AC has conducted an annual assessment on the external auditors for FYE 2025.</p> <p>✓ In its assessment, the AC considered, inter alia, the following factors:-</p> <p>For assessment on "Suitability" of External Auditors:-</p> <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;

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

MCCG Practices

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.

APPLIED

Applications by VSTECs

- 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;
- 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.

For assessment on "Objectivity" of External Auditors:-

- The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

For assessment on "Independence" of the External Auditors:-

- 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.
- ✓ The AC noted, for FYE 2025, 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.
 - ✓ 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 2026. The Board has in turn recommended the same for shareholders' approval at the forthcoming 30th AGM of the Company.
 - ✓ During FYE 2025, 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.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

MCCG Practices

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.

APPLIED

Applications by VSTECs

Provision of Non-Audit Services

- ✓ 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

Practice 10.1

The board should establish an effective risk management and internal control framework

APPLIED

Applications by VSTECs

- ✓ 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 2025, 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

(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"> ✓ 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 2025, 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> ✓ The Related Party Transaction Policy has been updated to provide 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

(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 2025, 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>Internal Auditors</p> <ul style="list-style-type: none"> ✓ At the AC Meeting held on 12 November 2024, 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 2025. The AC has resolved that the Outsourced Annual Audit Plan for year 2025 be approved for adoption. ✓ For FYE 2025 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>In-House Internal Audit Department</p> <ul style="list-style-type: none"> ✓ The In-House Internal Auditors communicate regularly with and report directly to the AC. For FYE 2025, the In-House Internal Auditors met up four (4) times with the AC. ✓ At the AC Meeting held on 12 November 2024, the In-House Internal Audit Manager has presented to the AC the In-House Internal Audit Function's Audit Plan for year 2025 and the AC has subsequently approved the In-House Audit Plan for year 2025. ✓ For FYE 2025 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 2025.

Corporate Governance Overview Statement

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(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>	<p>Internal Audit Assessment</p> <ul style="list-style-type: none"> ✓ 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>Internal Audit Charter</p> <ul style="list-style-type: none"> ✓ The Internal Audit Charter encompass the assessment on anti-corruption and whistle-blowing processes, as recommended by the MCCG 2021.
<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>Internal Audit Assessment</p> <ul style="list-style-type: none"> ✓ For FYE 2025, 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. ✓ 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.

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>	<ul style="list-style-type: none"> ✓ The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:- <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> <p>Primary Spokesperson:-</p> <table border="1"> <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> </table> <p>Secondary Spokesperson:-</p> <table border="1"> <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 Media Briefings</p> <p>The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports.</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>	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.	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.
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.				
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

(7) Communication with Stakeholders

MCCG Practices

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

APPLIED

Applications by VSTECs

The Company's corporate website, www.vstecs.com.my, provides stakeholders and investors with easy access to information about the Group and serves as a key platform for investor relations communication. The website is regularly updated with the latest developments within the Group, including all material disclosures, information, and announcements such as annual reports, which are also published on the corporate website after being submitted to Bursa Securities via Bursa LINK. Our corporate presentation decks, press releases and analyst reports are made available on our corporate website. The research reports and press releases are available for viewing under the "News" section of the Company's corporate website.

(d) Corporate Website

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.

The Company has a dedicated Investor Relations section to ensure more effective dissemination of information.

Publication of Notice of AGM on Corporate Website

Pursuant to Section 320(2) of the CA 2016, a copy of the Notice convening the 30th AGM together with the proxy form are available at the corporate website of VSTECs Berhad at <https://www.vstecs.com.my/investor-relations/aggm/>.

Corporate Governance Overview Statement

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

(8) Conduct of General Meetings

MCCG Practices

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

APPLIED

Applications by VSTECs

✓ 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.

✓ In compliance with Practice 13.1 of the MCCG 2021, the Board had on 15 April 2025, issued its Notice of Twenty-Ninth ("29th") AGM of the Company, at least twenty-eight (28) days prior to the date of the meeting i.e., 13 May 2025. The notes to the Notice of 29th AGM provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

29th AGM held on 13 May 2025

✓ All Board members were present physically at the general meeting of the Company and provided responses to the shareholders on the key matters arose during the general meeting in compliance 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 on stage to address any questions from shareholders in respect of matters that fall under the purview of the Board Committees.

Physical 29th AGM

✓ The 29th AGM held on 13 May 2025 was a fully physical meeting.

✓ The shareholders were able to submit questions via email in order to provide shareholders with sufficient opportunity to pose questions prior to the 29th AGM and the Company had endeavoured to answer the questions at the 29th AGM.

✓ The Chairman of the Board ensured that sufficient opportunities and time were allocated for discussion and to address questions raised. The shareholders and/or proxies were encouraged to participate in the question-and-answer session at the 29th AGM, whereby the Directors, Chairman of the Board Committees and External Auditors were in attendance to respond to the shareholders' queries.

Corporate Governance Overview Statement

Corporate Governance Overview Statement

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

(8) Conduct of General Meetings

MCCG Practices

Applications by VSTECs

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Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

APPLIED

- ✓ In the event that the shareholders have further questions, they may pose their questions to the Company via the Company website at www.vstecs.com.my. The Company had ensured that all the questions were answered.

Minutes of 29th AGM

The minutes of the 29th AGM held on 13 May 2025 were published on corporate website no later than thirty (30) business days after the AGM.

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

Key CG future priority for FYE 2026

The key priorities of the Board's CG Practices for FYE 2026 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 2026 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 3 April 2026.

Sustainability Statement

Sustainability Statement



ABOUT THIS STATEMENT

VSTECS Berhad (“**VSTECS**” or “the **Group**”) presents its Sustainability Statement (“**SS2025**”) for the financial year ended 31 December 2025 (“**FYE 2025**”). This statement sets out how the Group manages and responds to its key economic, environmental, social and governance (“**EESG**”) matters within the context of its ICT distribution and enterprise systems operations.

During FYE 2025, VSTECS continued to integrate sustainability considerations into its business practices, particularly in areas such as warehousing & logistics efficiency, supply chain management and responsible business conduct. As the Group supports the digital ecosystem and digital adoption across Malaysia and the region, it remains mindful of the environmental and social impacts associated with its operations. VSTECS will continue to strengthen its sustainability practices in line with business growth, regulatory expectations and the transition towards a more sustainable, low-carbon economy.

Sustainability Statement

REPORTING STANDARDS & GUIDELINES

This Sustainability Statement has been prepared based on available internal information and in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (MMLR). The Board of Directors of VSTECS Berhad (“Board”) acknowledges that SS2025 has been prepared with reference to the requirements applicable to Group 2 entities under the National Sustainability Reporting Framework (“NSRF”), which is aligned with the IFRS Sustainability Disclosure Standards and other internationally recognised sustainability frameworks and standards. In applying these requirements, VSTECS has adopted the NSRF transition relief under the climate-first approach, consistent with IFRS S2.

With Reference

National Sustainability Reporting Framework (NSRF), following the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards



Global Reporting Initiative (GRI) 2021 (Core Option)



FTSE4Good Bursa Malaysia (F4GBM) Index



Task Force on Climate-Related Financial Disclosures (TCFD)



Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures



United Nations Sustainable Development Goals (UNSDGs)



Sustainability Statement

REPORTING SCOPE AND BOUNDARY

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

ICT Distribution

Distributes a wide range of consumer ICT products (notebooks, PC, smartphones, tablets, wearables, printers and software).

Enterprise Systems

Provide systems and solutions for enterprises including network and communication infrastructure, servers, and enterprise software.

ICT Services

Offers data center projects and cloud services, helping businesses with their digital transformation need.

VSTECS operates within the information and communications technology (“ICT”) sector. This Sustainability Statement covers all operations under the Group’s managerial control, comprising VSTECS Berhad and its four wholly-owned subsidiaries:

Subsidiary	Principal Business Activities
VSTECS Astar Sdn. Bhd.	<ul style="list-style-type: none"> Distribution of ICT products, including hardware, software, and value-added product support and technical services, to resellers across Malaysia. Supply of project-based sales across key market segments, including telecommunications providers, public infrastructure (e.g. education sector), and mass-market channels such as large-format IT retail outlets and chain stores.
VSTECS Pericomp Sdn. Bhd.	<ul style="list-style-type: none"> Distribution of enterprise business solutions, including servers, networking, storage, backup systems, cybersecurity solutions, software integration and cloud offerings, to partners across Malaysia. Provision of project-based services, including presales consultation, architecture design and planning and system sales. Representation and collaboration on technology solutions and business initiatives to enhance market awareness and strengthen engagement with vendors and business partners in Malaysia. Provision of solutions services, including AI and data centre equipment, to data centre operators.
VSTECS KU Sdn. Bhd.	<ul style="list-style-type: none"> Provision of a full range of IT products and services, including hardware, software and related services, to resellers of VSTECS Astar and VSTECS Pericomp. Delivery of professional services, including consultation, assessment, architecture design, implementation, system integration, and ongoing hardware and software support and maintenance. Distribution of cloud subscriptions, services and support to resellers in Malaysia and Brunei, primarily within the commercial sector. Services delivered through System Integrator partners and enterprise resellers to public and private sector clients, including government-linked companies, financial institutions, immigration authorities, hospitality operators and other government service departments. Post-sales technical support and maintenance services.
VSTECS Kush Sdn. Bhd.	<p>VSTECS Kush Sdn. Bhd. provides in-house operational and administrative shared services to support the Group’s operations, including the following:</p> <ul style="list-style-type: none"> Human resource management Financial and accounting services Inventory and purchasing management Warehousing, logistics and delivery assurance Corporate and legal affairs services Internal IT systems management In-house property management

Sustainability Statement

This statement excludes any activities involving our associate company i.e. ISATEC Sdn. Bhd. and our joint venture company, Enrich Platinum Sdn. Bhd..

We have a 40% equity interest in ISATEC Sdn. Bhd. which operates independently, providing end-to-end application performance management solutions, custom application and enterprise workflow development, and mobile application software to corporate, government and financial sector clients.

We hold a 50% equity interest in Enrich Platinum Sdn. Bhd., an investment holding company involved in the provision of specific property management services and the letting for facilities to the Group. As these entities are not consolidated within the Group's sustainability governance and data management processes, they are excluded from the reporting boundary of this Statement.

The Statement encompasses all functions and divisions that materially contribute to the Group's sustainability performance, providing a comprehensive view of its EESG impacts. Sustainability-related, non-financial data is collected and consolidated from designated data owners across the Group.

Beyond its direct operations, VSTECs engages its extended value chain, including more than 4,000 resellers, global brand principals, vendors, customers and channel partners, to encourage responsible and sustainable business practices.

REPORTING PERIOD

This reporting period is from 1 January 2025 to 31 December 2025 ("FYE 2025"). Where available, up to three years of historical data are included to support comparability and provide insight into performance trends.

STATEMENT OF USE

The Board of Directors ("Board"), as the Group's highest governing body, has overall oversight and accountability for this Sustainability Statement. The Sustainability Statement for the financial year 2025 has been prepared with due care and in accordance with the GRI Standards and was issued pursuant to a resolution of the Board dated 3 April 2026.

Sustainability-related data disclosed in SS2025 was collected, verified and validated by the relevant business units under the oversight of the Group's Chief Executive Officer ("CEO") to ensure accuracy, consistency and reliability. Upon completion, the Statement was reviewed by the Environmental, Social and Governance Committee and subsequently approved by the Board of Directors.

MEMBERSHIP IN ASSOCIATIONS

As a major industry player in the ICT Distribution sector, VSTECs participates in relevant industry associations and collaborative platforms within the ICT distribution sector to remain attuned to industry developments, contribute to discussions on shared challenges, and support the dissemination of material sustainability considerations across its value chain and the wider industry. Through these engagements, the Group seeks to strengthen industry alignment and responsible business practices. VSTECs maintains memberships with the following organisations:

- 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).

DATA QUALITY AND ASSURANCE

All SS2025 performance data has been reviewed and validated by respective business units and designated data owners to ensure consistency and reliability. Selected sustainability disclosures were further subjected to an internal review by the Internal Audit function and approved by the Audit Committee of VSTECs Berhad. This review covered key indicators across identified sustainability matters within the Group's Malaysian operations. While this process enhances the credibility of the reported information, it is limited in scope and does not constitute a full audit or independent assurance engagement. VSTECs will continue to strengthen its data management processes to support transparent and reliable sustainability reporting. Further details are available in the Statement of Assurance on page 141 of SS2025.

EXCLUSIONS AND LIMITATIONS

VSTECs recognises that certain data collection challenges remain for selected indicators, particularly where reliance is placed on external data sources or non-standardised measurement methodologies. While efforts have been made to ensure data accuracy and completeness, limitations in data availability and consistency persist in some areas. The Group continues to strengthen its data governance processes and systems to address these gaps and support more robust, consistent and decision-useful disclosures in future reporting cycles.

FORWARD-LOOKING STATEMENTS

This SS2025 outlines VSTECs' strategic direction, setting targets and goals for the future. While these plans are based on realistic assessments and reasonable assumptions, their execution involves inherent risks and uncertainties. Actual results may differ materially from expectations due to factors beyond management's control, including changes in business conditions or regulatory developments. SS2025 includes forward-looking statements regarding strategic priorities and anticipated performance, reflecting current conditions and assumptions at the time of reporting.

REPORT AVAILABILITY & FEEDBACK

VSTECs is committed to open communication and engagement with its stakeholders. SS2025 is available digitally on the VSTECs corporate website at: www.vstecs.com.my.

Feedback, suggestions, inquiries and concerns are welcome to help improve future reporting. Please contact us at: <https://www.vstecs.com.my/reach-us/>.

CEO's MESSAGE ON SUSTAINABILITY

At VSTECs, sustainability continues to be a core pillar of our business, reinforcing our commitment to enabling Malaysia's digital transformation while creating long-term value for our stakeholders. In FYE 2025, we made meaningful strides in embedding EESG considerations into our operations, reflecting our belief that sustainable business practices and economic growth go hand in hand.

This year, we conducted a Double Materiality Assessment ("DMA") to better understand and prioritise sustainability matters from both an impact and financial perspective. The assessment has provided invaluable insights into the sustainability-related risks and opportunities most relevant to our business and stakeholders, strengthening our decision-making processes and informing future disclosures.

FYE 2025 was also a year of proactive alignment with emerging regulatory requirements. The Securities Commission Malaysia's National Sustainability Reporting Framework ("NSRF") underscores the increasing formalisation of sustainability reporting practices. In response, we are aligning our disclosures with IFRS S2 Climate-related Disclosures, ensuring our reporting meets international standards and provides transparency for our stakeholders.

Our efforts this year span multiple dimensions of sustainability. From expanding renewable energy adoption and enhancing operational energy efficiency to advancing talent development and promoting electric vehicle adoption, we have continued integrating responsible practices across our operational activities. These initiatives are complemented by targeted community and social programmes that aim to create lasting, positive impacts.

Looking ahead, we remain focused on optimising resource efficiency, reducing environmental impact, and enhancing community engagement. We will continue to refine our EESG strategy based on stakeholder expectations and global trends, leveraging the insights from our DMA to guide our actions and investments.

At VSTECs, our commitment to sustainability is unwavering. By embedding responsible policies and practices across all levels of the organisation, we aim to build a more resilient, inclusive, and sustainable future—creating value not only for our business and stakeholders but for society and the environment as a whole.


SOONG JAN HSUNG
Executive Director/Chief Executive Officer



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FYE 2025 HIGHLIGHTS & ACHIEVEMENTS




ECONOMIC

- 40%** Increase in dividend payout ratio amounting to **RM38.5 million** as compared to RM27.5 million in FYE 2024
- 19.8%** 5 Year PATAMI CAGR (FYE 2021 - FYE 2025)
- Zero** substantiated complaints concerning breaches of customer privacy and losses of customer data




GOVERNANCE

- Zero** incidents/fines for environmental and socio-economic non-compliance
- Zero** confirmed incidents of corruption
- 71.9%** employees have received training on anti-corruption policies and procedures



ENVIRONMENTAL

- Operational emission intensity reduced by **17.1%** amounting to **0.09** tCO₂e /RM million
- 34.6%** Electricity consumed was generated from solar power
- 65.9%** of total waste diverted from disposal surpassing the **Group's internal target of 50%**



SOCIAL

- 14.54** average training hours per employee
- Zero** confirmed incidents of human rights violations
- 50%** of women representation in total workforce of 441

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SUSTAINABILITY WITHIN THE CONTEXT OF VSTECs






As one of the leading provider and distributor of information and communications technology ("ICT") products and services for both consumers and enterprises in Malaysia, VSTECs plays an important role in supporting the national economy through digital enablement. The Group's extensive business network, distribution channels, and service capabilities underpin mission-critical infrastructure that supports the continuity of consumer lifestyle, public services, enterprise operations, and broader social and economic activities. By enabling digital transformation and virtual connectivity, VSTECs also contributes to greater resource efficiency by reducing reliance on manual physical processes, travel, and paper-based systems, thereby helping to mitigate environmental impacts.

Recognising the growing importance of sustainability risks and opportunities, VSTECs is committed to integrating EESG considerations into the way it manages its business and delivers lasting value. Sustainability forms an integral part of the Group's management and operating framework and is embedded into corporate strategy, risk management, and executive processes. The Group is committed to conducting its operations responsibly, in compliance with applicable laws and regulations governing environmental protection, occupational health and safety, labour practices, and corporate governance, while continuously strengthening its ESG practices to support sustainable business growth and resilience.

COMPANY VISION

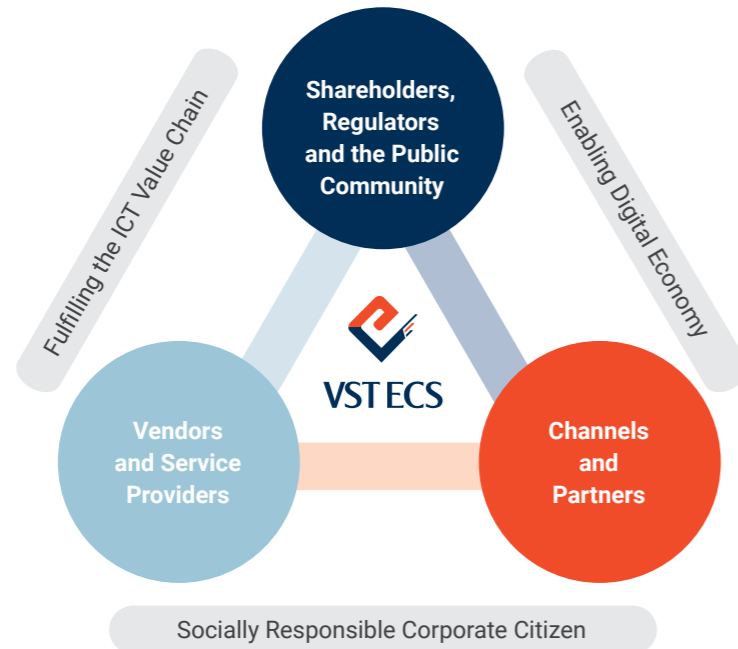
- To be the leading provider of Information & Communication Technology products and value-added services.
- We strive for sustainable growth to achieve optimum returns to shareholders.

OUR MISSION

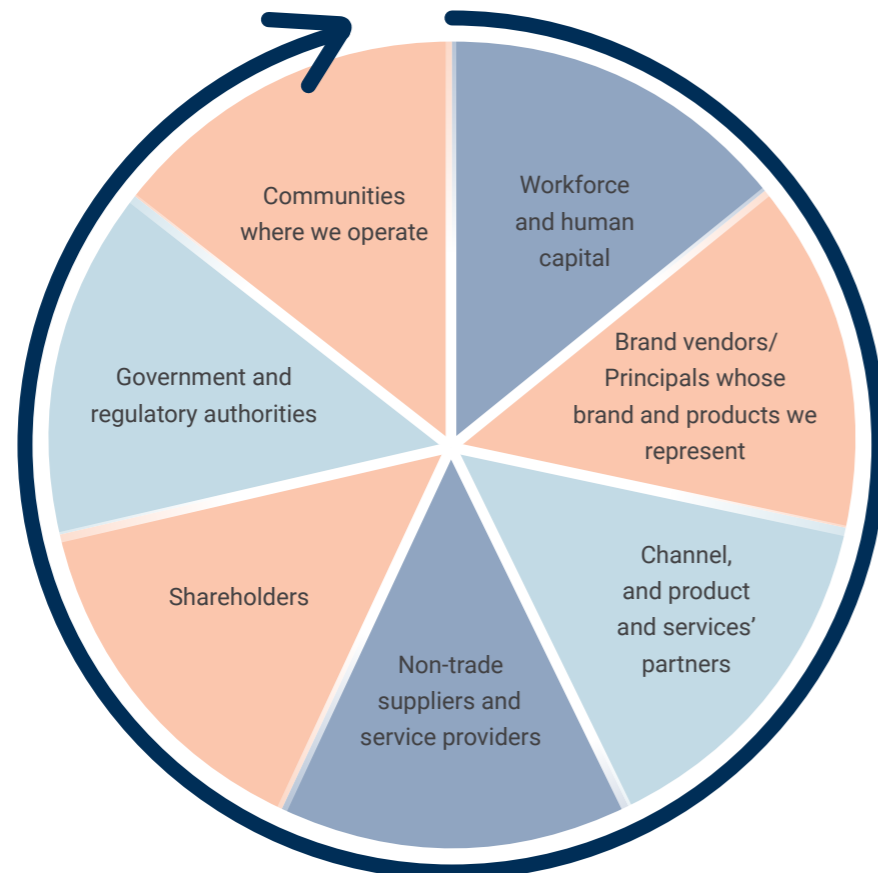
-  We shall strive to be a leading provider within Malaysia of reputable, quality computer systems, hardware, software, services and support for our customers.
-  We shall conduct business with our valued customers and suppliers with professionalism and integrity.
-  We shall have an environment to develop, 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.

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MALAYSIA ICT INDUSTRY AND COMMUNITY



Our major stakeholders that form part of our business and social eco-systems are the following:



COMMUNICATIONS AND STAKEHOLDERS' ENGAGEMENT

VSTECs regards stakeholder perspectives as the bedrock of its strategic formulations, recognising that the Group's growth and success are closely tied to a deep understanding of stakeholders' needs. The Group upholds its commitment to maintaining open, transparent relationships and utilise a diverse range of channels to gather valuable input on critical topics, including ESG matters.

As one of Malaysia's leading distributors of Information, Communication and Technology ("ICT") products and services, VSTECs prioritises seamless communication to secure lasting advantages for all stakeholders. The Group's framework is designed to effectively balance stakeholder expectations with the overarching requirements for sustainable growth. To ensure engagement remains robust, the Group rigorously reviews and assesses its methodologies for effectiveness and sufficiency, ensuring the calibration of strategies to meet the evolving objectives of both VSTECs and its stakeholders.

Stakeholders	Areas of Concerns	Engagement Channels
Workforce & Human Capital	<ul style="list-style-type: none"> Career development Job security Remuneration and benefits Training and development Workplace health and safety Labour and human rights Work-life balance Recognition and incentives for employees' children's achievements 	<ul style="list-style-type: none"> Annual staff performance evaluation Training Programmes Company intranet, email, memos Internal Operational Policy and Process Manuals Employee engagement surveys Company related events and 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 and evaluation Product sharing events and 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 and 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 and Environment (HSE) practices Certifications and awards Corporate governance 	<ul style="list-style-type: none"> Independent and 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

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MATERIALITY ASSESSMENT PROCESS

In FYE 2025, VSTECS took a proactive step by undertaking a Double Materiality Assessment (“DMA”) –a process designed to uncover the sustainability topics that are most significant in terms of their impact on society and the environment and their financial implications for the company.

Guided by the dual perspectives of impact materiality and financial materiality, the DMA provides a structured framework to balance stakeholder expectations with the factors that affect VSTECS’s ability to generate enduring stakeholder value. Conducted with the expertise of an external sustainability advisory partner, the assessment followed a systematic, multi-step methodology, ensuring its findings were robust, consistent, and actionable.

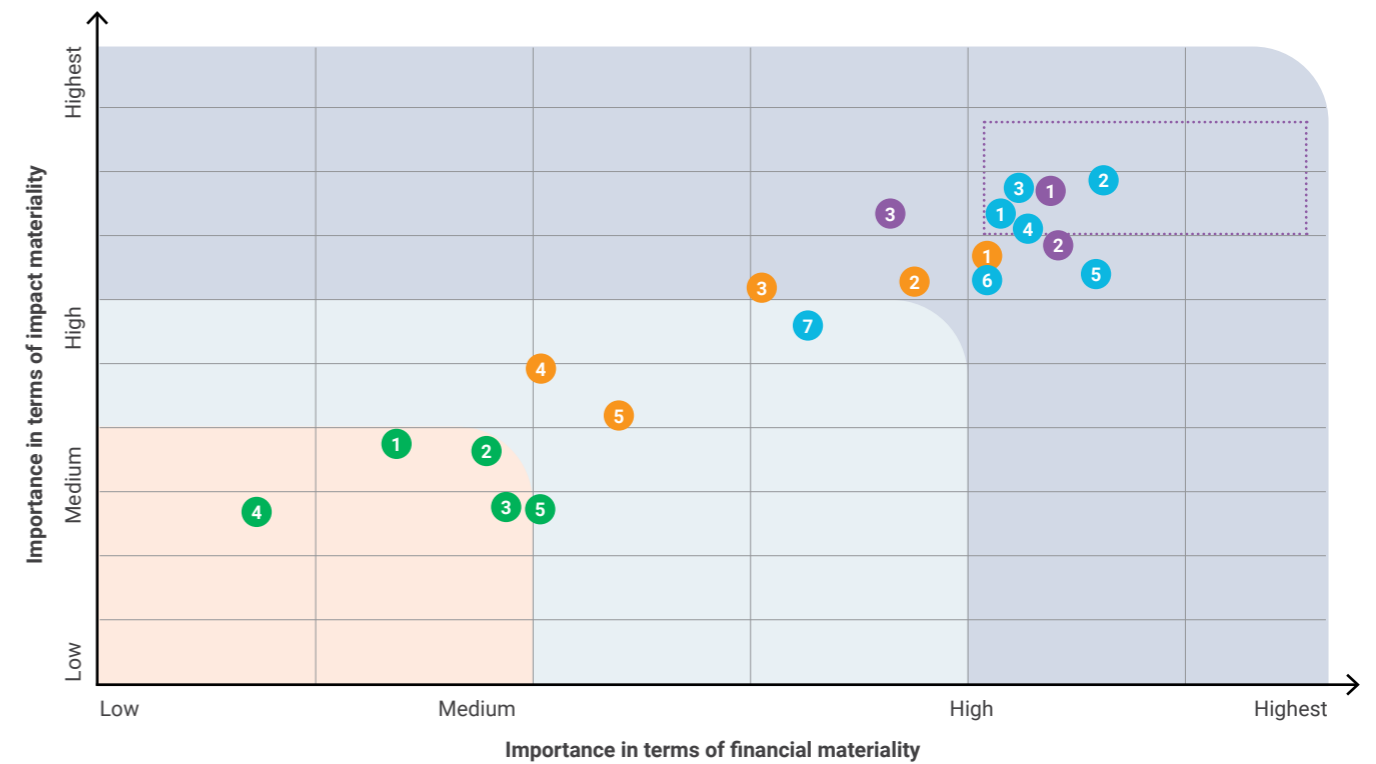


Sustainability Statement

By identifying and prioritising these critical topics, VSTECS strengthens its ability to pursue responsible business practices while supporting sustainable growth and organisational resilience.

The outcome of this assessment is a materiality matrix that highlights the most significant sustainability-related risks and opportunities (“SRRO”s). This matrix underpins VSTECS’s sustainability strategy for 2025 and beyond and aligns with IFRS S1 principles, integrating material issues into strategy, risk management, and reporting.

Double Materiality Matrix



Economic	Environmental	Social	Governance
1 Product Quality and Customer Satisfaction	1 Waste Management	1 Talent Management and Development	1 Anti-Corruption and Corporate Governance
2 Economic Performance	2 Resource Consumption	2 Occupational Health and Safety	2 Risk Management
3 Information Security and Data Privacy	3 Energy Efficiency and Management	3 Human Rights and Labour Standards	3 Regulatory Compliance
4 Innovation and Technology	4 Water Consumption	4 Community Development	
5 Strategic Vendor Partnerships	5 Climate Change and Emissions Management	5 Diversity, Equity and Inclusion (“DEI”)	
6 Supply Chain Management			
7 Market Expansion			

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

The United Nations Sustainable Development Goals (“UNSDGs”) comprise 17 global objectives designed to advance sustainability, social equity, and inclusive growth on a global scale.

VSTECs has mapped the SDGs most relevant to its sustainability priorities and strategic focus. The company is committed to embedding these goals into its operations, driving tangible progress toward broader sustainable development outcomes.

Governance




Material Topics	Our Strategies
<ul style="list-style-type: none"> Anti-Corruption and Corporate Governance Risk Management 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.

Economic












Material Topics	Our Strategies
<ul style="list-style-type: none"> Product Quality and Customer Satisfaction Economic Performance Information Security and Data Privacy Innovation and Technology Strategic Vendor Partnerships Supply Chain Management Market Expansion 	<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

Material Topics	Our Strategies
<ul style="list-style-type: none"> Waste Management Resource Consumption Energy Efficiency and Management Water Consumption Climate Change and Emissions Management 	<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. Target to reduce grid electricity consumption intensity by 5% by 2028, using 2023 as the baseline. Target to cut paper usage by 5% by 2028 through digitalisation and waste reduction initiatives. Target to lower water consumption per employee to 7m³ by 2028. Sustain 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.

Social








Material Topics	Our Strategies
<ul style="list-style-type: none"> Talent Management and Development Occupational Health and Safety Human Rights and Labour Standards Community Development Diversity, Equity and Inclusion (DEI) 	<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 and encourage 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.

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GOVERNANCE

VSTECS is committed to maintaining a strong governance framework that supports transparency, accountability, and responsible business practices. This framework underpins the Group's ability to make informed decisions, manage risks effectively, and ensure that sustainability considerations are integrated across the organisation.

SUSTAINABILITY GOVERNANCE STRUCTURE

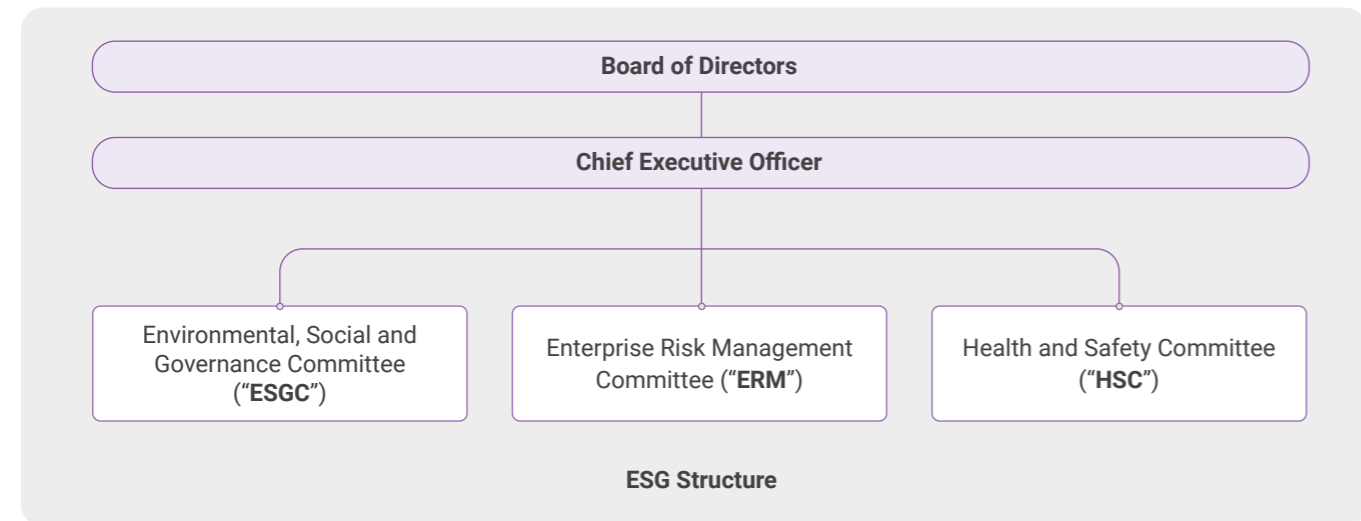
VSTECS recognises that a robust governance framework is fundamental to advancing our commitment to sustainable responsibility. A well-structured governance system enables the Group to effectively implement, monitor, and drive its sustainability plans across all levels of the organisation. Sustainability principles are embedded from the Board to every employee, ensuring alignment with our strategic priorities.

Oversight of sustainability rests with the Board of Directors, which is responsible for reviewing, approving, and updating sustainability policies, initiatives, and programmes. To support this, VSTECS has established a dedicated ESG governance structure comprising:

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

The ESG framework is overseen by our Group Chief Executive Officer (“CEO”) and Executive Director, Mr. Soong Jan Hsung, ensuring strategic alignment and accountability.

The following diagram illustrates the institutionalised Sustainability Governance Structure at VSTECS:



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 Financial Officer	Meets on a quarterly basis: <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 • To identify, evaluate, prioritise and manage enterprise-wide sustainability risks and opportunities • To oversee the ESG committee and Health and Safety committee
ESGC	Chief Financial Officer	Reports to the CEO: <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 • To identify, evaluate, prioritise and manage ESG issues, including community social welfare and charities
HSC	General Manager	Reports to the CEO: <ul style="list-style-type: none"> • To monitor and enforce compliance with the Occupational Safety and Health Act (“OSHA”) regulations and workplace safety • To continuously improve awareness on workplace safe-practices and staff health • To identify, evaluate, prioritise and manage health and safety issues • To conduct quarterly checks on office, warehouse and compound for safety compliance and overall tidiness

From FYE 2025 onwards, the remuneration and KPIs of the CEO – who also serves as an Executive Director – the Chief Financial Officer, Chief Information Officer, and members of the Senior Leadership team are linked to the achievement of Group ESG targets and performance, incorporating ESG considerations.

For Group General Manager and General Managers, ESG-related KPIs are currently focused on environmental performance, reflecting operational priorities at the functional level. These targets encompass key areas under the purview of both the Board and Executive Management, including environmental management alongside broader considerations such as anti-corruption, corporate governance, regulatory compliance, and risk management. By aligning remuneration with these priorities, VSTECS strengthens leadership accountability and reinforces the effective implementation of the Group's sustainability and governance objectives.

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GOVERNANCE

Internal Policy and Process Manuals

To support the implementation of its governance framework, VSTECs maintains internal policy and process manuals that translate high-level principles into clear, standardised procedures across its operations. These manuals outline workflows, approval structures, and control points across key functions, promoting consistency, accountability, and effective execution.

By embedding control requirements—such as segregation of duties and authorisation limits—into routine processes, the Group strengthens its internal control environment and reduces operational risks. The manuals are reviewed periodically to ensure continued alignment with business needs, regulatory expectations, and process improvements.

GOVERNANCE, RISK MANAGEMENT & RESPONSIBLE BUSINESS PRACTICES

VSTECs’s approach to governance is anchored in integrity and shared values that guide conduct across the organisation. By clearly articulating our principles and commitments, the Group establishes a consistent ethical framework that supports responsible business practices. While the Board sets the tone for ethical behaviour, the Group’s policies, systems, and procedures are designed to embed these standards into everyday operations and foster an organisation-wide culture of accountability.

Oversight of risk management and internal controls rests with the Board, which is responsible for safeguarding the Group’s assets, operations, and shareholders’ interests. The Board also provides oversight of the Group’s ESG strategy and sustainability-related risks, guided by the ESG Sustainability Policy, which establishes the governance structure, committee responsibilities, and processes for identifying and managing sustainability risks and opportunities. The effectiveness and integrity of these frameworks are monitored through regular reviews and continuous updates.

The Enterprise Risk Management (“ERM”) Committee, headed by the Executive Director and Group CEO, Mr. Soong Jan Hsung, is responsible for identifying, evaluating, prioritising, and managing enterprise-wide risks and opportunities, including those related to sustainability. The ERM Committee oversees the ESG Committee and the Health and Safety Committee, ensuring coordinated management of environmental, social, and governance matters in line with the ESG Sustainability Policy.

The Group’s risk management approach also aligns with its General Management – Risk Management Policy, which establishes structured programmes to safeguard financial stability, confidential information, and operational continuity. Key measures include:

- Contractual transfer of risk via comprehensive insurance programmes, including marine, personal accident, hospital & surgical, fire, all-risks, burglary and theft, money & fidelity guarantee, and credit insurance.
- Enterprise Risk Management processes that identify, evaluate, and mitigate risks, supported by clear terms of reference for the ERM Committee.
- Business Continuity Planning programmes to ensure rapid recovery and minimal disruption in the event of incidents, with defined Response Time Objectives (RTO).
- Board-supervised audit programmes and embedded internal controls within the ERP system, including segregation of duties, access control, and corporate knowledge management to strengthen risk oversight.
- Protection of corporate confidential information and secure access to facilities, enforced via Non-Disclosure Agreements (NDAs) and visitation reporting protocols.

Risk assessments are conducted on a regular basis, encompassing financial, operational, and sustainability-related risks. This includes risks arising from governance, social, economic, and environmental factors. Identified ESG risks are monitored using structured methodologies, including management programs, measurable targets, action plans, and process adjustments to mitigate adverse impacts while maximising opportunities, as outlined in the ESG Sustainability Policy. Sustainability-related risks identified through this process are continuously monitored and updated accordingly. Further details are set out in the Group’s Statement on Risk Management and Internal Control within this Annual Report.

To reinforce ethical conduct, the Group maintains a comprehensive suite of policies, including the Code of Conduct, Code of Ethics, Anti-Bribery and Corruption Policy, and Whistleblowing Policy. These policies are reviewed periodically to ensure alignment with evolving legal requirements, regulatory expectations, and corporate governance practices, and are made publicly available on the Group’s website: <https://www.vstecs.com.my/investor-relations/corporate-governance/>.

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GOVERNANCE

BOARD DIVERSITY FOR EFFECTIVE GOVERNANCE

The Group is committed to maintaining a well-balanced and effective Board through diversity in age, ethnicity, and gender, while ensuring that appointments are guided by merit. This approach supports a mix of perspectives, competencies, qualifications, and experience that collectively enhance the Board’s effectiveness in overseeing strategy and guiding the Group towards its long-term objectives. The Group views board diversity as an important enabler of sound governance and informed decision-making.

Further details on the Board’s composition, including directors’ skills, professional backgrounds, and gender representation, are set out in the Directors’ Profile section of this Annual Report.

Board Diversity Data

Breakdown by Gender

Category	FYE 2023	FYE 2024	FYE 2025
Female	43%	43%	43%
Male	57%	57%	57%

Breakdown by Age Group

Category	FYE 2023	FYE 2024	FYE 2025
≤30 years old	0%	0%	0%
31-50 years old	0%	0%	0%
51-65 years old	71%	71%	57%
>65 years old	29%	29%	43%

<p>Board Demographics</p> <p>Independent Directors: 57% Non-Executive Directors: 86%</p>	<p>Board Meetings</p> <p>100% overall attendance for 4 Board meetings held in FYE 2025</p>	<p>Board Tenure</p> <p>4 years average tenure of Independent Directors Min : 2 years 10 months Max : 6 years 3 months</p>	<p>Board Committee</p> <p>67% Independent Directors in all Board committees</p>
<p>Audit Committee</p> <ul style="list-style-type: none"> - 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 	<p>Nominating Committee</p> <ul style="list-style-type: none"> - 2 Independent Directors out of 3 Directors - Members have strong experience in their respective industries ranging from IT, finance and risk consulting 	<p>Remuneration Committee</p> <ul style="list-style-type: none"> - 2 independent Directors out of 3 Directors - Members have strong experience in their respective industries ranging from IT, finance and risk consulting 	

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Further details on the Board's stewardship role and its leadership in promoting strong corporate governance are set out in the Corporate Governance Overview Statement for FYE 2025, which forms part of this Annual Report.

ETHICS, COMPLIANCE AND INTEGRITY

The Group is committed to upholding the highest standards of legal compliance, ethical conduct, and responsible business practice across all operations. This commitment is underpinned by a strong governance culture that expects employees at every level to act in accordance with the Group's values and ethical principles.

To reinforce this culture, the Group has established a Code of Ethics that applies to the Board and individual Directors, setting clear expectations in areas of ethical risk and providing guidance on identifying, managing, and reporting ethical concerns. Complementing this is the Code of Conduct, which applies across the organisation and outlines standards of behaviour for Directors, management, and employees. Together, these frameworks are designed to promote professionalism, integrity, transparency, and accountability, while ensuring alignment with applicable legislation, regulatory requirements, and environmental and social responsibility guidelines. Both Codes are communicated through the Employee Handbook, with employees required to formally acknowledge their understanding and compliance.

Clear accountability structures further support effective governance. The CEO is responsible for implementing the Group's business plans and policies as approved by the Board, and for overseeing the day-to-day management of the Group's operations. In addition, the Group has implemented a Conflict of Interest ("COI") Policy, requiring employees to declare any actual, potential, or perceived conflicts. This process enables conflicts to be identified and managed appropriately, supporting fair, transparent, and well-informed decision-making.

Board policies are published on our website at <https://www.vstecs.com.my/investor-relations/corporate-governance/>.

POLITICAL CONTRIBUTIONS

VSTECs maintains a position of political neutrality and does not engage in political contributions. This approach reflects the Group's commitment to ethical governance, transparency, and integrity across all business activities. Accordingly, no political contributions were made during FYE 2025.

ANTI-BRIBERY & CORRUPTION COMPLIANCE

The Group has established clear measures to ensure compliance with its internal policies, procedures, and control systems. Relevant information is made accessible to employees through both the corporate website and the office intranet, supporting consistent understanding and application across the organisation. In line with the Malaysian Anti-Corruption Commission Act 2009 (Section 17A), which came into effect on 1 June 2020, the Group has strengthened its internal operational policies, including those governing marketing and promotional activities, and enhanced provisions within the employee Code of Conduct relating to gifts and entertainment. The Group's Anti-Bribery and Corruption ("ABC") Policy is publicly available on the Group's website: www.vstecs.com.my.

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Aligned with national efforts to combat bribery and corruption, VSTECs upholds stringent standards of legal and ethical compliance. The Group is committed to conducting business with transparency and integrity, including in its dealings with vendors, channel partners, and other third parties. Open and honest communication is embedded within the Group's corporate culture and is viewed as fundamental to sustainable business operations.

Zero Non-Compliance with law & regulations in FYE 2025

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.

Corruption Risk Assessment	FYE 2023	FYE 2024	FYE 2025
Percentage of operations assessed for corrupted-related risks	100%	100%	88%
Significant risks related to corruption identified through the risk assessment	1	0	0

Since January 2021, all business partners—including channel partners, retailers, non-trade vendors, and service providers—have been required to acknowledge compliance with the Group's ABC policy requirements through a formal declaration. In addition, 100% of the Board, management, and employees have confirmed their receipt and understanding of the ABC Policy.

	FYE 2023	FYE 2024	FYE 2025
Total number of confirmed incidents of corruption	1	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	1	0	0
Total number of confirmed incidents when contracts with suppliers and contractors were terminated or not renewed due to violations related to corruption	0	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	0	0	0
Cost of fines, penalties or settlements in relation to corruption (RM)	0	0	0

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To reinforce awareness and compliance, the Group conducts regular anti-corruption training for both new and existing employees. Anti-corruption messages are also communicated through various internal channels. During FYE 2025, the Group has undertaken ABC training as part of the onboarding programme for new hires and delivered as refresher training for all employees.

Anti-Corruption Training and Communication	FYE 2023	FYE 2024	FYE 2025
Percentage of employees that have received training on anti-corruption policies and procedures (%)			
- Management	12	99	72
- Executive	16	100	77
- Non-Executive	21	97	54
Number of hours staff have received training on anti-corruption (hours)			
- Management	31.85	143.00	152.00
- Executive	93.10	334.85	371.90
- Non-Executive	36.75	334.85	69.50

Note:

* The percentage of employees who received training on anti-corruption policies and procedures in FYE 2023 reflects new hires only, whereas the FYE 2024 and FYE 2025 figure includes all employees.

** Data on number of hours staff received training on anti-corruption in FYE 2024 and FYE 2023 has been restated following the enhancement of the calculation methodology.

INTERNAL OPERATIONAL COMPLIANCE

The Group's internal compliance framework is underpinned by a comprehensive suite of policies designed to support effective operations and strong internal controls. These policies and procedures are made accessible to all employees, reinforcing consistent application and adherence to compliance requirements across the organisation. They encompass key functional areas, including finance, general management, operations, human resources, information technology, and sustainability, covering economic, environmental, and social considerations.

Responsibility for compliance rests with management at all levels, ensuring that established standards are implemented throughout the Group. Management is supported by the Compliance Committee, which provides guidance, tools, and methodologies to strengthen compliance practices. The Committee also conducts regular reviews to assess the level of awareness, understanding, and effectiveness of compliance controls through structured assessments and targeted enforcement initiatives.

In addition, the Group's internal audit function plays a critical role in strengthening governance. Compliance audits are conducted based on independent risk assessments, with audit findings reported directly to the Board to support oversight and continuous improvement.

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REGULATORY COMPLIANCE

During FYE 2025, VSTECs remained compliant with applicable policies, procedures, laws, and industry standards. No fines or regulatory actions were imposed on the Group in relation to environmental requirements, social obligations, corporate integrity, anti-corruption measures, or governance practices.

	FYE 2023	FYE 2024	FYE 2025
No. of environmental non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	0	0	0
No. of socioeconomic non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	0	0	0
Total cost of fines for environmental non-compliance (RM)	0	0	0
Total cost of fines for socio-economic non-compliance (RM)	0	0	0

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ECONOMIC

In an evolving market landscape, VSTECS regards financial strength as a prerequisite for long-term impact. The Group is committed to a strategy of prudent capital management and operational excellence, ensuring that our business remains a stable economic contributor. By driving profitability growth in FYE 2025, VSTECS continues to fulfil its diverse stakeholder promises from delivering equitable shareholder dividends to supporting community development and national economic growth through responsible tax contributions.

ECONOMIC VALUES GENERATED

A definitive trajectory of growth marked the financial year, underpinned by broad-based expansion across all core business segments. The Group successfully capitalised on the accelerating digital economy, strategically pivoting to capture the surge in demand for Artificial Intelligence (AI) infrastructure, data centre fit outs, and cloud computing adoption.

This alignment with high-growth technology vectors has been instrumental in delivering resilient financial performance. For FYE 2025, the Group recorded a 24% increase in revenue to RM3.61 billion, while net profit climbed 40% to RM98.5 million. This exceptional momentum reflects the Group's strategic agility in capturing the continuous replacement cycle of end-point devices and the revival of public sector digitalisation projects. Key highlights of the Group's direct economic value generated are presented below, while further details on financial performance are covered in the Management Discussion and Analysis.

VSTECS also channels the economic returns it generates to a broad range of stakeholders. The table below summarises the economic value created and distributed by the Group:

	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Economic Value Generated	2,737,802	2,915,804	3,621,137
- Revenue	2,727,185	2,901,716	3,608,157
- Other income ¹	10,617	14,088	12,980
Economic Value Distributed	2,689,341	2,866,421	3,545,679
- Operating Expenses	2,594,228	2,752,240	3,405,913
- Non-Operating Expenses	1,336	1,171	5,692
- Employee Wages and Benefits	55,031	65,442	75,449
- Tax Payments to Government	15,370	22,579	30,663
- Finance Costs	1,269	387	508
- Dividends to Shareholders	22,107	24,602	27,454
Economic Value Retained	48,461	49,383	75,458

Note:

¹ 'Other Income' comprises other income, share of results from JV, share of profit of equity-accounted associate, and finance income, and can be cross-referenced with the Audited Financial Statements at page 164 of Annual Report 2025.



ECONOMIC

PRODUCT QUALITY AND CUSTOMER SATISFACTION

VSTECS is a leading distributor of cutting-edge ICT products, services, software and infrastructure solutions in Malaysia, enabling consumers and organisations to remain competitive and connected as digitisation and deep AI integration accelerates across industries. Leveraging a portfolio of over 50 brands, the Group delivers trusted, world-class products and value-added services that supports long-term customer outcomes and sustainable business growth.

Quality and Responsibility

VSTECS acts as a critical bridge between global technology innovators and the Malaysian market. The Group views its role not merely as a logistics provider, but as a gatekeeper of quality and safety. VSTECS's responsibility is to ensure that every product flowing through its supply chain from enterprise infrastructure to consumer smart devices, meets stringent international standards and local regulatory requirements. The Group's commitment to product responsibility begins at the source. VSTECS practices a selective trade and procurement strategy, partnering with reputable global technology principals who demonstrate established governance in manufacturing excellence. Before onboarding a new brand or product line, the Group conducts quality assessment covering four key dimensions:

- **Regulatory Compliance:** Ensuring all hardware possesses necessary certifications from local governing bodies (e.g., SIRIM for electrical safety, MCMC for communications standards) and adheres to international directives such as RoHS (Restriction of Hazardous Substances).
- **Functional Integrity:** Prioritising products with constructive functionality and meaningful user value to enhance consumer digital lifestyle and enterprise business efficiency.
- **Safety & Reliability:** Distributing and representing reputable brand manufacturers to ensure durability and user safety.
- **Cybersecurity Standards:** For the Enterprise Systems segment, the Group ensures software and hardware partners meet or exceed industry-standard security protocols to protect end-user data privacy.

Customer and Vendor Satisfaction

Customer and vendor satisfaction are fundamental to market resilience and long-term growth within Malaysia's competitive ICT ecosystem. VSTECS focuses on building enduring, mutually beneficial relationships across the value chain by continuously enhancing its platforms and service delivery to meet evolving ecosystem needs.

Upstream, VSTECS works closely with global technology principals, aligning with established product standards offerings and intended user audiences. These partnerships ensure that the Group distributes products that are widely recognised for their quality, reliability, and adherence to industry standards. Downstream, VSTECS drives customer satisfaction through the product availability, service availability and accessibility of its offerings, supported by ongoing enhancements to its B2B digital platforms and distribution channels. VSTECS represents global technology principals whose products are well-established and widely recognised for their quality, reliability, and adherence to industry standards. Through these efforts, VSTECS remains committed to continuously strengthening its products, services, and partnerships to better meet the evolving needs of both customers and vendors, reinforcing satisfaction and sustaining long-term relationships.

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SUPPLY CHAIN MANAGEMENT

As a leading ICT distributor, effective supply chain management is the backbone of VSTECS's operational success. The Group views its supply chain not merely as a logistics network, but as an ecosystem of shared value and responsibility. VSTECS is dedicated to developing a sustainable supply chain that upholds the Group's rigorous ethical, environmental, and health and safety standards.

The Group's procurement approach is structured around two distinct supplier groups which are the trade brand principals (global technology brands whose products are distributed by VSTECS) and non-trade suppliers (providers of administrative, operational, and logistics services such as renovation contractors, security services, and office supplies).

VSTECS maintains a zero-tolerance stance on unethical conduct and has embedded integrity expectations through the Notice of Anti-Bribery and Corruption ("ABC") Compliance Acknowledgement. All registered non-trade suppliers are required to acknowledge and comply with the Group's anti-corruption requirements, supported by due diligence checks on new and existing suppliers to assess financial stability, legal standing, and overall integrity.

Furthermore, the necessary due diligence on new and existing suppliers is conducted through thorough screening prior to any engagement, ensuring that VSTECS only deals with non-trade suppliers and external parties that meet acceptable standards of integrity in the conduct of their business. For non-trade procurement covering administrative, operational, and logistics supplies and services that do not form part of trade inventories purchasing is governed by a stringent Procurement Policy anchored on tiered approval matrices and open-tender Request for Proposal (RFP) evaluation processes. Significant tenders are assessed by a cross-functional Procurement Committee comprising members from Finance, ERP/IT, and relevant user departments to support transparent, fair, and merit-based decision-making.

OUR BRAND VENDORS/PRINCIPALS

VSTECS operates at the intersection of global innovation and local market access. The Group recognises that its responsibility extends beyond its immediate operations as it involves orchestrating a value chain that is ethical, compliant, and resilient. By aligning with the world's leading technology principals and enforcing strict governance on downstream channel partners, VSTECS ensures that its ecosystem operates according to the highest standards of business integrity.

The Group's brand portfolio mainly consists of top global technology manufacturers headquartered in developed jurisdictions including the U.S., China, Europe, and Japan. They are expected to operate under stringent regulatory frameworks regarding quality management systems, environmental management, human rights, and labour standards. VSTECS does not view these external requirements as passive obligations but as benchmark standards for its own governance. Through its distributorship agreements, the Group effectively adopts and enforces compliance with critical global legislations, including but not limited to:

- **Anti-Corruption:** U.S. Foreign Corrupt Practices Act (FCPA) and UK Bribery Act.
- **Human Rights & Labour:** U.S.C. Title 19 on Forced Labour, UK Modern Slavery Act 2015, and the ILO Protocol of 2014 to the Forced Labour Convention (1930).

To ensure seamless alignment with these global standards, the Group employs a dedicated principal management structure. Specific product managers are assigned to principal brands, acting as custodians of the relationship. These managers engage in regular meetings and dialogue with principals covering not just commercial trends and volume forecasts but also supply chain compliance and policy updates ensuring that VSTECS remains a trusted, compliant extension of the brand in Malaysia.

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Our Channel Partners (Customers/Resellers)

As part of its commitment to responsible business conduct, VSTECS enforces a rigorous mechanism for all new channel partners (resellers and retailers). The Management adopts a strict vetting process to ensure the Group engages only with reputable entities. Key assessment criteria include:

- **Financial Integrity:** Comprehensive creditworthiness evaluation and financial track-record analysis.
- **Market Reputation:** Assessment of the partner's standing within the industry and historical business conduct.
- **Operational Transparency:** Agreement by retailers to be subjected to sales audits by the VSTECS/Brand Principals, ensuring supply chain visibility and adhering to the Brand Principals and Vendors' strict requirement for serving the local market exclusively. As part of our distributorship agreement, the Group does not sell nor trans-ship products to overseas markets.

Since January 2021, the Group has institutionalised its defence against corruption through the mandatory Notice of Anti-Bribery and Corruption (ABC) Compliance Acknowledgement. This policy applies to the corporate representatives of all business partners, including channel partners, retailers, non-trade suppliers, and service providers. The acknowledgement mandates a pledged awareness of Section 17(A) of the MACC Act 2009, explicitly binding partners to the Group's zero-tolerance stance on corruption. This measure effectively mitigates corporate liability risks and fosters a culture of integrity across the distribution network.

Environmental and Social Compliance by the Service Providers

VSTECS recognises that a resilient operational supply chain is anchored in integrity and shared responsibility, particularly as suppliers and vendors operate across different jurisdictions. The Group is committed to building a sustainable supply chain that upholds high standards of ethical conduct, environmental stewardship, and occupational health and safety. This commitment is operationalised through a robust screening and due diligence framework applied consistently across all non-trade suppliers and vendors. Our current non-trade suppliers, service providers and vendors are required to adhere to the Group's anti-corruption policies to remain eligible as VSTECS business partners and to continue participating in contract bidding opportunities.

ABC Compliance across VSTECS operational supply chain

- Non-trade suppliers and vendors are required to pledge adherence to the Group's ABC policies at all times and must report any incidents of fraud, bribery or policy violations to the Group's Compliance department in all matters of business transactions with the Group.

The Group continues to view its operational supply chain assessments as an evolving area of focus, with opportunities to further enhance the integration of environmental and social criteria into supplier screening processes. The assessment of environmental impacts across suppliers, including new supplier evaluations, represents a key opportunity for the Group to further strengthen its responsible sourcing framework over time.

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Local Procurement

VSTECs prioritises local sourcing where feasible, recognising both operational and broader socio-economic benefits. Beyond improving cost and lead-time efficiency, local procurement supports the domestic economy, reduces logistics-related emissions, and contributes to nation-building by strengthening local supply ecosystems and creating employment opportunities within surrounding communities.

Local Procurement on Non-trade Suppliers and Service Providers	FYE 2023	FYE 2024	FYE 2025
Proportion of Spending on Local Procurement (%)	99.7%	99.9%	99.9%
Proportion of Local Suppliers (%)	99.8%	99.8%	98.7%

INFORMATION SECURITY

Confidential Information Risk Management

At the centre of Malaysia’s ICT distribution landscape, VSTECs safeguards commercially sensitive information spanning transaction records, customer database information and market information and strategies. As the nexus between global technology innovators and the local market, the Group recognises that the integrity of this data is not merely an operational requirement but a strategic asset that underpins our competitive advantage and market trust.

Given the sensitive nature of the ICT market’s competitive landscape, protecting commercial intelligence is a top priority for VSTECs. Although the Group operates primarily within a B2B framework, we strictly enforce stringent Information Risk Management protocols to safeguard proprietary assets ranging from transaction records to critical pricing and promotional strategies against unauthorised visibility. This risk management adoption ensures confidentiality, integrity, and availability of its information assets. The Group has institutionalised the following security measures:

- **Access Control & Visibility Restriction:** The Group enforces strict role-based access control (RBAC) within its ERP systems and transactional databases, guided by the principle of least privilege. This approach ensures that sensitive commercial intelligence is only accessible to authorised personnel based on their job responsibilities, thereby preventing unauthorised visibility.
- **Secure Transmission & Encryption:** The Group implements encryption protocols and secure communication channels to safeguard company-confidential and proprietary data, particularly for data in transit and remote access scenarios. These measures are designed to preserve the integrity and confidentiality of information and mitigate risks associated with unauthorised access or data leakage.

Beyond data confidentiality, VSTECs is committed to ensuring data availability by proactively preventing data loss through rigorous Business Continuity Protocols (BCP), which include routine system redundancy tests, regular Disaster Recovery (DR) and failover testing activities. The Group ensures that critical business functions can persist or recover rapidly during any disruption, maintaining our reliability as a supply chain partner.

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Data Security and Protection Policy

VSTECs is fully committed to adhering to the Personal Data Protection Act (PDPA) 2010. The Group has implemented a comprehensive Data Security and Protection Policy to safeguard data from corruption, theft, or unauthorised access. Although the Group’s operations do not involve broad-scale consumer data processing, we rigorously protect the personal data of our employees and the contact details of our business partners.

The Group also minimise the risk of data loss through the implementation of robust system security and resilience measures, supported by continuous monitoring and data protection controls, thereby reducing reliance on manual intervention and periodic failure testing. In addition, company-issued notebooks are protected with storage encryption to safeguard data in the event of loss or theft.

Building on these mechanisms, in FYE 2025, the Group consistently maintained a robust security posture, with zero cybersecurity and customer related breaches.

	FYE 2023	FYE 2024	FYE 2025
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Number of identified leaks, thefts, or loss of customer data	0	0	0

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VSTECS is committed to growing the business responsibly while strengthening environmental stewardship across both our operations and value chain. Beyond managing our direct footprint, we work with our partners to support more sustainable practices throughout the supply chain. Internally, the Group continuously improves operational controls and implements targeted initiatives to reduce energy use, minimise waste, and progressively lower our carbon footprint. Externally, the Group seeks to embed our environmental expectations across its non-trade suppliers and resellers, promoting alignment on regulatory compliance, responsible resource use, and emissions-conscious logistics through engagement and collaboration, where feasible. Through this combined approach, VSTECS seeks to deliver long-term value while contributing to a more resilient and sustainable ICT ecosystem.

CLIMATE CHANGE

VSTECS recognises the profound influence of climate change on business strategy and operational resilience, and the need to systematically assess exposure to both physical and transition risks. While the Group's core role as a leading ICT distributor involves relatively lower direct emissions compared to fuel-intensive sectors, the Group acknowledges that extreme weather events such as intensifying rainfall and flash floods alongside evolving regulatory and market shifts, can create material challenges for logistics networks and the broader value chain. Accordingly, managing climate-related risks remains a strategic imperative to protect business continuity, preserve competitiveness, and support durable value creation.

The Group's climate strategy is aligned with national and global aspirations, including the Malaysian government's 12th Malaysia Plan, Malaysia's National Energy Transition Roadmap (NETR) and the Paris Agreement, which acts as a guide to VSTECS's transition toward a lower-carbon business model. These priorities are reflected in operational initiatives to improve energy efficiency and scale renewable energy adoption, including the Group's rooftop solar photovoltaic system, which generated approximately 34.6% of total electricity consumptions in FYE 2025. Collectively, these initiatives support efforts to reduce reliance on grid electricity while also mitigating exposure to energy price volatility and carbon-related transition costs over time.

As a critical enabler of Malaysia's digital economy, VSTECS is positioned to support sustainability across the ICT ecosystem by advancing supply chain circularity and decarbonisation. Beyond operational measures,

the Group also demonstrates its commitment to robust climate governance through proactive alignment with the National Sustainability Reporting Framework ("NSRF") and IFRS S2 requirements. Through scenario-based climate risk assessments and transparent disclosures, VSTECS aims to strengthen stakeholder confidence and enhance access to sustainable capital. This disciplined approach reflects the Group's intent to navigate climate-related complexities while unlocking opportunities aligned with the global transition toward a net-zero economy.

Climate-Related Strategic Disclosures

In response to the escalating climate challenge, VSTECS has strengthened its climate-related disclosures by drawing on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations as it transitions towards adoption of IFRS S2 Climate-related Disclosures (issued by the International Sustainability Standards Board). This approach supports clearer governance, more decision-useful disclosures, and more structured tracking of climate-related risks, opportunities, metrics, and targets.

In FYE 2025, the Group carried out a Climate Risk Assessment ("CRA") to identify and evaluate its exposure to key climate-related physical and transition risks and their potential implications for operations and strategy. The assessment was informed by cross-functional inputs from relevant business units, complemented by external technical expertise, to ensure both practical operational context and robust analytical rigour. Findings from the assessment help strengthen VSTECS' climate resilience and support more informed planning and decision-making.



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IFRS S2 Climate-Related Disclosures

Governance

Recommended Disclosure

- a) Describe the board's oversight of climate-related risks and opportunities.

VSTECS Berhad has established a governance framework to oversee sustainability matters, including climate change-related risks and opportunities. The Board of Directors is responsible for setting the Group's strategic direction to ensure long-term value creation and sustainable performance. This includes embedding sustainability considerations within the corporate strategy, risk management, and operational decision-making.

The Board receives periodic updates on sustainability matters, including climate-related issues, and ensures that key risks and opportunities are adequately addressed within the Group's overall business strategy. Climate-related considerations are incorporated into strategic discussions, such as energy and emissions performance, and the review of major business initiatives. The Board also oversees the effectiveness of sustainability governance, ensuring alignment with regulatory expectations and industry's best practices.

The Board has delegated the implementation and management of sustainability strategies to the Management Team, which plays a key role in embedding sustainability practices across the organisation. The Management Team, led by the Chief Executive Officer and supported by the Environmental, Social, and Governance Committee and the Enterprise Risk Management Committee is responsible for assessing sustainability/climate-related risks, setting sustainability targets, and monitoring progress against these objectives.

The ESGC and ERMC work in tandem to ensure the effective implementation of sustainability strategies and initiatives across the Group. This includes evaluating sustainability/climate-related risks and opportunities, monitoring regulatory developments, and recommending revisions to the Group's sustainability strategy.

At the operational level, on-ground teams ensure that sustainability processes and controls are in place within respective departments, providing performance updates and supporting the execution of sustainability initiatives. These structured governance mechanisms enable VSTECS to proactively manage sustainability-related risks, including climate change, while ensuring long-term resilience and business continuity.

For further details on the governance structure, please refer to pages 98 to 100.

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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.

VSTECs recognises sustainability, including climate change, as a relevant risk and opportunity to our business. We have identified relevant climate risks, categorised into physical and transition risks by short (2025-2027), medium (2027-2035), and long-term (2035-2050) time horizons, considering the useful life of our assets and infrastructure, as well as the manifestation periods of climate-related issues.

The identified climate-related risks could potentially affect various aspects of business operations including existing logistics and warehousing operations, workforce mobility, access to financing and markets, as well as the availability and costs of necessary inputs for the business model. The Group's climate risk assessment integrates internationally recognised scenarios, including SSP2-4.5 and NGFS Net Zero 2050, to model potential climate trajectories and their implications on business operations.

For instance, under the SSP2-4.5 scenario, annual precipitation is expected to intensify, coupled with an increase in heavy rainfall days, amplifying the risk of flash floods over the medium to long term. VSTECs anticipates the risk rating for extreme rainfall to increase from Low (Short Term) to Moderate (Long Term), reflecting the potential for more severe climate impacts over this extended timeframe. Emerging risks may necessitate enhanced measures such as deeper coordination with third-party logistics (3PL) partners, diversified warehousing strategies, and robust Business Continuity Plans (BCP) to address increasingly unpredictable weather patterns. These adaptations are critical as disruptions to warehousing and distribution activities may delay revenue recognition and compress sales cycles.

Conversely, in an NGFS Net Zero 2050 scenario where stringent climate policies drive global warming mitigation, transition risks are heightened, necessitating proactive regulatory compliance and market adaptation strategies. For instance, over the medium-to-long term, the cumulative effect of regulatory developments particularly regarding environmental policy shifts and compliance obligations, may begin to materialise, resulting in heightened operational expenditures. The financial impact will largely depend on the introduction of carbon pricing mechanisms and VSTECs's ability to manage indirect cost transmissions through its supply chain. VSTECs anticipates the risk rating for Environmental and Energy Policy Shifts to evolve from Very Low (Short Term) to Moderate (Medium to Long Term). Although the Group is not a high emitter, ongoing investments in renewable energy, energy efficiency, and ESG data governance will be necessary to uphold operational resilience and regulatory conformity.

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.

Physical Risks

Extreme Rainfall Pattern S M L

Intensifying rainfall patterns may lead to logistics disruptions, temporary warehouse inaccessibility, and workforce mobility challenges. While digital products are unaffected, physical distribution delays can impact revenue recognition and downstream cashflow cycles.

Rising Temperature M L

Rising temperatures may reduce workforce productivity in warehouse environments and increase cooling energy demand. The risk remains lower than flood risks but requires long-term attention to ventilation and employee well-being.

Transition Risks

Environmental and Energy Policy Shifts M L

Potential introduction of carbon taxes, fuel subsidy rationalisation, and electricity tariff reforms could increase indirect operating costs (logistics and utilities). The Group faces pass-through cost pressures from 3PLs and suppliers.

Market and Reputation L

Growing ESG expectations from investors, lenders, and enterprise customers may influence access to capital and tender competitiveness. Failure to demonstrate credible decarbonisation progress could lead to reputational risks.

Compliance and Legal Risks L

Tightening disclosure standards (e.g., NSRF, IFRS S2) will require increased investment in data governance, personnel, and assurance to avoid non-compliance penalties.

Transition to Low-Carbon L

The need to align with net-zero supply chains involves opportunity costs and capital expenditure for green logistics, energy-efficient facilities, and low-carbon technologies to maintain market relevance.

Opportunities

Adoption of Renewable Energy S M L

Expanding on-site solar generation reduces reliance on grid electricity, hedges against tariff volatility, and lowers Scope 2 emissions, offering cost savings and improved energy resilience.

Supply Chain Circularity M L

Engaging in e-waste reintegration, refurbishment, and responsible recycling strengthens value chain collaboration, improves resource efficiency, and aligns with Group's and stakeholders' sustainability goals.

Transition to Low-Carbon M L

Viewed as a supplementary, "last-mile" measure to address residual emissions that cannot be technically eliminated through direct operational improvements. Strategic participation in voluntary carbon markets (e.g., Bursa Carbon Exchange) signals governance maturity to stakeholders, reinforces the Group's ESG positioning, and supports future access to sustainability-linked financing.

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Risk Management

Recommended Disclosure

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

In October 2025, VSTECS undertook a comprehensive Climate Risk Assessment ("CRA") workshop facilitated by an external ESG Guidance and Advisory firm, to guide the Management and heads of the Group's various operations in identifying the Group's climate change risks and opportunities. With the collective input of this cross-functional workshop, involving 16 representatives from Finance, Human Resources, Logistics, and ICT, the Group has assessed the potential impacts of various physical and transition risks. The impact was mapped to different timeframes and appropriate mitigation measures was formulated. Based on climate scenarios like the NGFS Net Zero 2050 and IPCC SSP2-4.5, VSTECS has also developed adaptation and resilience plans to address the various potential business and operational challenges arising from these scenarios.

Recommended Disclosure

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

The Group adopts a comprehensive Enterprise Risk Management ("ERM") framework to identify, assess, and manage risks. The ERM Committee assists the Audit Committee and the Board in implementing mitigation measures and monitoring significant risks, including climate-related risks. With the identification of climate-related risks across short-, medium-, and long-term horizons, the findings of the CRA are intended to be integrated into VSTECS's enterprise risk register. This initiation aims to systematically integrate climate considerations into the Group's strategic and operational planning by prioritising mitigation measures and resource allocation. The criteria for identifying and prioritising climate risks are based on a dual-rating system evaluating likelihood and severity, utilising a 5x5 Risk Matrix to generate overall risk scores. Once integrated, these risks and their corresponding mitigation strategies will be assessed to ensure sustained relevance and alignment with the Group's business model.

Recommended Disclosure

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

To further safeguard operational resilience, VSTECS plans to incorporate climate mitigation measures into existing Business Continuity Plan ("BCP") as part of its broader risk management strategy addressing climate risks. This plan is designed to ensure the continuity of critical business functions such as warehousing, distribution, and workforce productivity during disruptive events. The BCP includes protocols for activating remote work arrangements and redirecting distribution activities through unaffected logistics networks, which have proven effective in mitigating impacts during past extreme weather incidents.

Additionally, the Group's assessment is anchored in Malaysia's National Sustainability Reporting Framework (NSRF) to ensure alignment with IFRS S2 disclosure standards, identifying material climate-related risks and opportunities across the value chain. Climate-related risks undergo continuous monitoring and oversight by the Environmental, Social, and Governance Committee (ESGC) and the ERM committee, ensuring proactive identification, assessment, and management in harmony with our broader risk management strategy.

For further details, please refer to the Sustainability Governance (pages 98 to 100) and Statement of Risk Management and Internal Control (pages 142 to 145) 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.

In FYE 2025, VSTECS continued its emissions management approach by undertaking a comprehensive greenhouse gas ("GHG") inventory that encompasses Scope 1, Scope 2, and broader Scope 3 emissions. Scope 1 covers direct emissions primarily arising from fuel consumption in operational activities. Scope 2 reflects indirect emissions from the generation of purchased electricity used across VSTECS's facilities. Meanwhile, Scope 3 includes emissions from employee commuting and business travel, allowing the Group to better understand and manage its broader value chain footprint.

To better quantify emissions in relation to business performance, VSTECS refined its carbon intensity metric by introducing revenue as a benchmark parameter. This enhancement enables a more accurate reflection of the relationship between operational growth and energy efficiency, offering deeper insights into the Group's environmental impact relative to its economic expansion, with the current operational emission intensity recorded at 0.09 tCO₂e/RM million.

Recommended Disclosure

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

For a more in-depth understanding of the Group's energy and emissions management practices, please refer to the Emissions Management and Energy Management sections (pages 118 to 121) of this report.

The emission factor and Global Warming Potential (GWP) values for Scope 1 emission calculations are retrieved from the Intergovernmental Panel on Climate Change (IPCC) database and the IPCC Sixth Assessment Report (AR6). The emission factor used for grid electricity is based on the United Nations Framework Convention on Climate Change (UNFCCC) Harmonised Grid Factors 2021.

In FYE 2025, our CO₂e emissions across Scope 1, 2, and 3 are as below:

Scope 1 = 23.7 tCO₂e
 Scope 2 = 298.2 tCO₂e
 Scope 3 = 636.6 tCO₂e

Total Operational Emissions (Scope 1 + 2) = 321.9 tCO₂e. VSTECS has set clear targets to manage climate-related risks and opportunities, specifically to reduce grid electricity consumption intensity by 5% by 2028, using 2023 as the baseline.

Refer to Emissions Management at pages 118 to 119 and Energy Management at pages 120 to 121 for more information on climate-related metrics.

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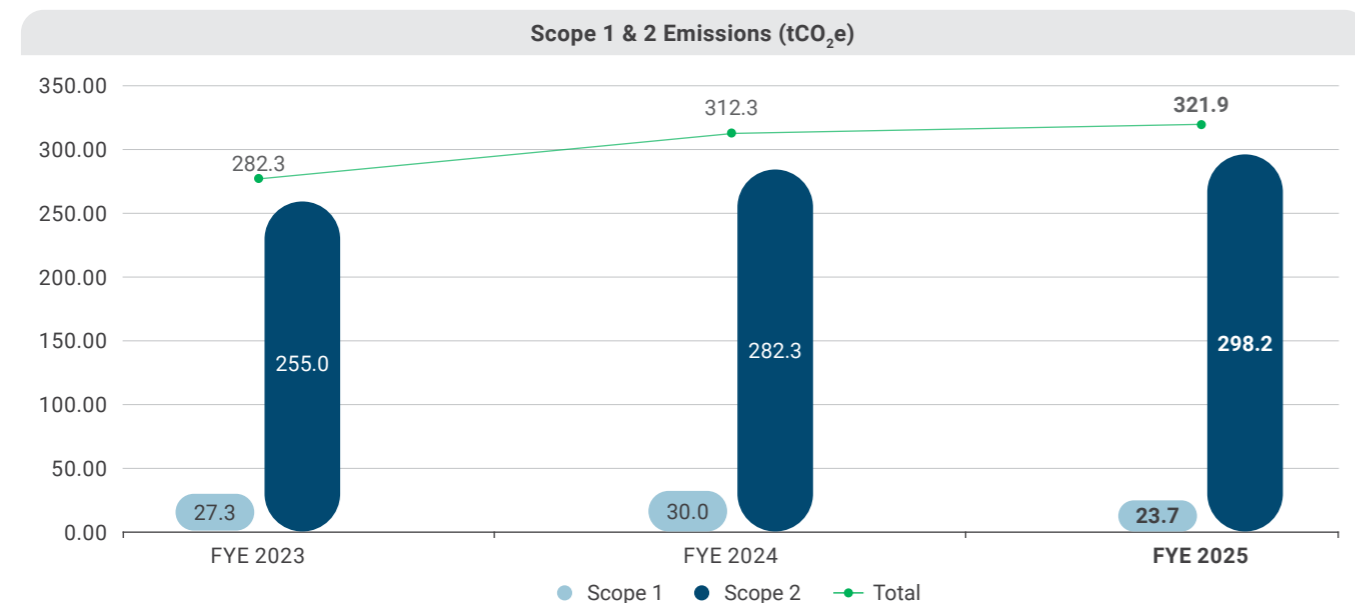
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EMISSIONS MANAGEMENT

As a leading ICT distributor, VSTECS operates at the nexus of the technology supply chain. While the Group's direct operational footprint is lower compared to manufacturing sectors, VSTECS recognises its responsibility to decouple business growth from its carbon impact. The Group is committed to enhance its robust decarbonisation strategy that focuses on operational efficiency and data transparency across Scopes 1, 2, and 3.

VSTECS continues to strengthen its oversight of Scope 1 emissions, which are primarily derived from the combustion of fossil fuels in its company-owned vehicles. VSTECS achieved a significant reduction in of 24.4% petrol consumption compared to FYE 2024, partially offset by an increase in diesel consumption to support higher business activities particularly delivery services. Nevertheless, Scope 1 emissions declined to 23.7 tCO₂e, representing a 20.8% year-on-year reduction and demonstrating measurable progress in lowering direct emissions.

Meanwhile, for Scope 2 emissions, VSTECS remains focused on energy efficiency measures across its warehousing and office facilities. This includes previously implemented daylight designs in warehouse, energy saving light bulbs, timer functions for HVAC system to maximise energy savings coupled with adoption of renewable energy. In FYE 2025, Scope 2 emissions were recorded at 298.2 tCO₂e, bringing the Group's total operational footprint to 321.9 tCO₂e when combined with Scope 1, representing a 3.07% increase compared to previous year. This increase was primarily attributable to higher sales activity, including expanded delivery operations and increased sales volumes, which drove a corresponding rise in electricity consumption and overall energy demand across operations. VSTECS will continue to minimise our direct operational carbon footprint to ensure that we will be able to grow business sustainably while avoiding any environmental penalties. Despite slight increase in operational emissions, the Group achieved an improvement in its emission intensity for the current year, which decreased to 0.09 tCO₂e per RM million revenue, representing a 17.1% reduction from the previous year. This trajectory effectively demonstrates the Group's ability to decouple commercial growth from carbon impact, signalling a more resilient and efficient operational model.



Note:
 1. Past years' data have been restated to reflect enhancements in data collection methodologies for Scope 1 emissions, where improved tracking of petrol and diesel consumption has been implemented while Scope 2 emissions utilised more accurate electricity data calculation methodologies.
 2. Scope 2 emissions are calculated using emission factors based on the United Nations Framework Convention on Climate Change (UNFCCC) Harmonised Grid Factors 2021, while Scope 1 emissions are calculated using emission factors and Global Warming Potential (GWP) values derived from the Intergovernmental Panel on Climate Change (IPCC) database, ensuring alignment with internationally recognised methodologies.

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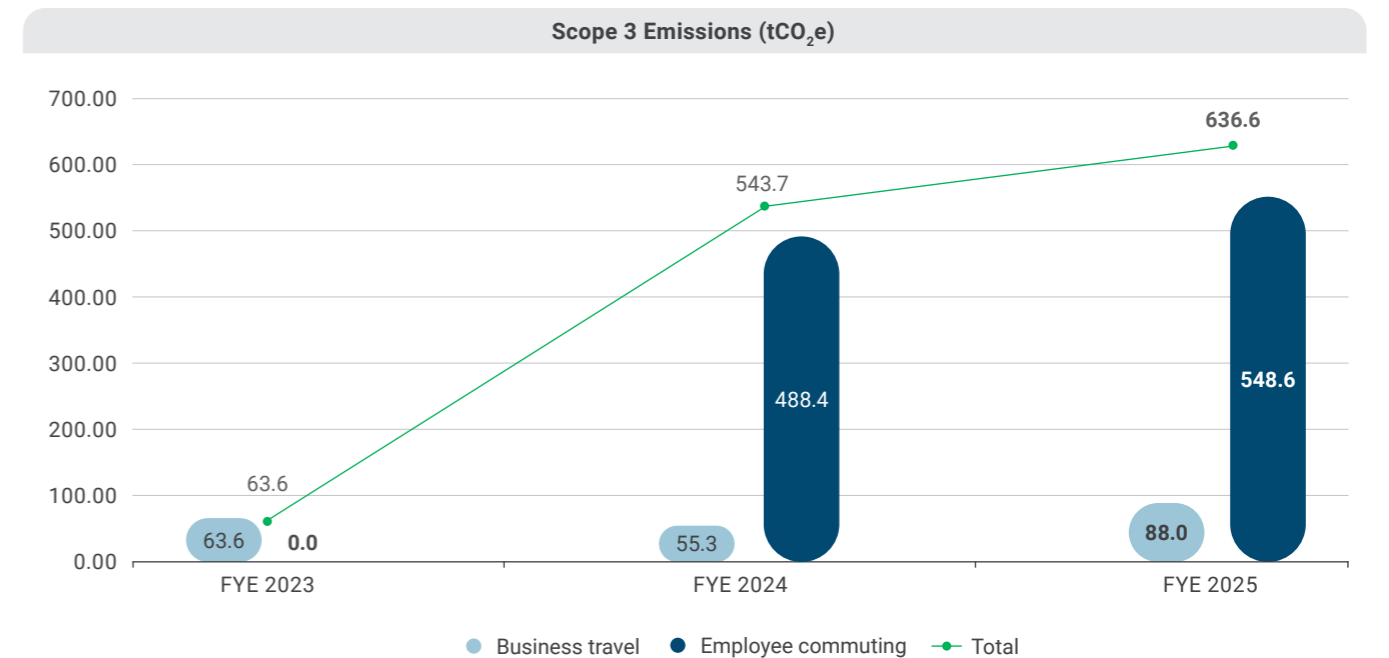
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	FYE 2023	FYE 2024	FYE 2025
Operational emission intensity (tCO ₂ e/RM million)	0.10	0.11	0.09

VSTECS acknowledges that a large share of its emissions sits beyond direct operations, particularly across the value chain, and therefore continues to apply the strengthened reporting approach introduced in the prior financial year. By retaining the expanded Scope 3 reporting, the Group maintains a consistent view of its overall carbon footprint.

In FYE 2025, total Scope 3 emissions rose in 17.1% (636.60 tCO₂e), mainly reflecting a deliberate increase in business activity. The uptick aligns with the return of in-person engagements and essential business travel, including flights, as the Group deepens market outreach. VSTECS views this not as a regression, but as a clear and transparent representation of day-to-day operations.

Looking ahead, the Group will further enhance the depth and detail of its Scope 3 disclosures. VSTECS will assess and progressively incorporate additional emissions categories that are material to its supply chain, ensuring climate reporting continues to mature alongside the evolving scale and complexity of the business.



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. Scope 3 emissions for FYE 2023 exclude employee commuting, as employee commuting data was not monitored during that reporting period.

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ENERGY MANAGEMENT

For VSTECS, energy management is a dual lever for environmental stewardship and operational resilience. While the Group's energy intensity is relatively low compared to manufacturing industries, VSTECS views efficient energy consumption as a critical component of its cost-control strategy and climate risk mitigation. The Group's approach focuses on two primary objectives which includes reducing reliance on grid electricity through renewable assets and optimising fuel consumption within logistics operations.

The cornerstone of VSTECS energy strategy is the adoption of renewable energy at its headquarters. Since August 2022, VSTECS has operated a 290 kWp rooftop solar photovoltaic (PV) system with an annual generation capacity of up to 360,000 kWh. This asset is not merely a supplementary power source, it is one of the important pillar of the Group's effort in reducing our carbon footprint.

The impact of this infrastructure is evident with continued reduction in electricity withdrawal from the main grid since the solar PV system installation in FYE 2022. In FY2025, VSTECS recorded a net consumption of 541,288 kWh of grid electricity across its operations. During the same period, the Group generated 349,625.2 kWh of solar energy from its on-site photovoltaic systems, of which 286,025.2 kWh was utilised for on-site consumption, while 63,600 kWh surplus was exported back to the grid. This contributed to the Group's efforts to reduce reliance on grid-supplied electricity. The Group's total electricity consumption amounted to 827,313.2 kWh, of which on-site solar electricity generation contributed 34.6 % as renewable energy. This underscores the Group's ability to progressively reduce dependence on fossil fuels while supporting operational growth. The minor decline (0.63%) in solar consumption during the year was primarily attributable to environmental factors such as system performance variability and weather conditions and increased operational activities, which resulted in a slightly higher reliance on grid electricity. Nevertheless, the solar PV system continues to play a key role in supporting the Group's long-term efforts to reduce dependence on grid electricity and transition towards cleaner energy sources.

	FYE 2023	FYE 2024	FYE 2025
Petrol Consumption (L)	8,801.7	9,667.7	7,310.2
Diesel Consumption (L)	977.2	1,060.9	1,196.5
Net Grid Electricity Consumption (kWh)	462,780	512,350	541,288
Solar Power Consumption (kWh)	294,329.9	287,834.4	286,025.2
Total Energy Consumption (GJ)	3,051.0	3,237.7	3,262.3
Percentage of Renewable Energy (%)	34.7	32.0	31.6
Energy Intensity (GJ / RM million)	1.12	1.12	0.90

Note:

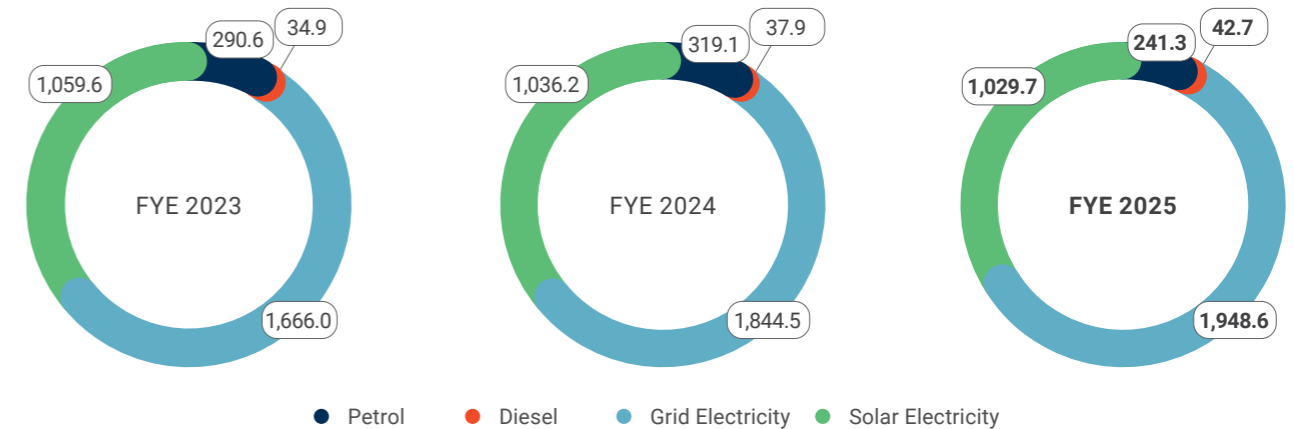
- Past years' data have been restated to reflect improvements in data collection, with petrol and electricity consumptions updated and diesel consumption newly incorporated across the past three years to provide a more complete and accurate representation of energy consumption across the Group's operations.
- The electricity data presented excludes branch offices (e.g., Johor and Kuantan), as contribution is less than 2% of total electricity consumption, and therefore not included in the overall calculation.
- The conversion factor used to convert consumption to energy values are based on the Malaysia Energy Statistic Handbook 2020.

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Energy Consumption Breakdown



Note:

Past years' data have been restated to reflect improvements in data collection, with petrol and electricity consumption updated and diesel consumption newly incorporated across the past three years to provide a more complete and accurate representation of energy consumption across the Group's operations.

	FYE 2023	FYE 2024	FYE 2025
Headcount (staff + 3rd party personnel)	436 (410 + 26)	464 (441 + 23)	466 (441 + 25)
Grid electricity utilised per person (kWh / person / year)	1,061.42	1,104.2	1,161.6
Building Energy Intensity (BEI) (kWh / m² / year)	60.6	67.1	65.2

Furthermore, the Group continues to monitor its Building Energy Intensity (BEI) against industry standards to ensure optimal performance. In FYE 2025, VSTECS recorded a BEI of 65.2 kWh/m²/year. Similar to previous years, this performance remains substantially below the Green Building Index (GBI) benchmark of 150 kWh/m²/year, validating the continuous efficiency of the Group's facility management.

Despite significant investments in energy efficiency technologies and renewable energy infrastructure, VSTECS remains steadfast in its pursuit of continuous improvement. Accordingly, the Group maintains its target to reduce grid electricity consumption intensity by 5% over the four-year period from 2025 to 2028 (using FYE 2023 as the baseline). The Group will also continuously evaluate and refine its targets in line with business expansion and the enhancement of its sustainability stewardship. This commitment ensures that even as the business expands, its demand on the national grid is systematically managed with the Group's commitment to sustainability and environmental stewardship.

Parallel to these electricity initiatives, VSTECS is also actively reducing its reliance on fossil fuels by optimising the consumption of its company-owned vehicles includes petrol-powered cars for business use as well as diesel-powered van utilised for service and delivery operations. In FYE 2025, the Group achieved a remarkable 24.4% reduction in petrol consumption, dropping to 7,310.2 litres.

Meanwhile, the Group's warehouse operations are fully electric inclusive of all its forklifts. This adoption eliminates direct exhaust emissions within the warehouse, improving indoor air quality for employees while reducing reliance on fossil fuel-based equipment. Moving forward in 2026, all motorized electric forklifts in the warehouse are being charged by an off-grid Solar Power System with an attached Battery-powered Energy Storage System (BESS). With the off-grid system's utilisation being fine-tuned continuously, the Group shall explore further usage cases for the off-grid system to further reduce the energy consumption from the main grid.

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WATER MANAGEMENT

While VSTECS's operations as an ICT distributor do not involve water-intensive manufacturing processes, the Group recognises water as a vital natural capital. VSTECS is dedicated to responsible resource management, focusing on optimising consumption efficiency for domestic use (hygiene, canteen, and cleaning) and building resilience by diversifying its withdrawal sources.

In FYE 2025, the Group's total water consumption at 3,636.4 m³, representing a 5.77% decrease compared to the previous financial year. This reduction was primarily attributed to increased awareness among employees on water conservation and the adoption of more mindful usage practices across its office activities. The Group continues to closely monitor consumption patterns and promote responsible water use to support ongoing efficiency and long-term resource sustainability.

All our water withdrawal is sourced from municipal potable water. To mitigate the impact of this increased demand on the municipal supply, VSTECS has integrated rainwater harvesting into its operations. In FYE 2025, the Group successfully harvested 2.40 m³ of rainwater for non-potable applications, such as landscaping and exterior cleaning. This initiative allowed VSTECS to displace an equivalent volume of treated potable water, effectively reducing its usage of Air Selangor's municipal sourcing. Besides that, the Group does not operate in water-stressed environments or locations and therefore does not engage in water withdrawal or discharge activities in water-stressed areas.

Meanwhile, on wastewater discharge, VSTECS confirms zero industrial wastewater discharge from its operations. As our nature of business generally do not utilise water as a raw material resource, all discharge is limited to domestic sewerage (e.g., for staff hygiene and in-house food canteen utilisation only) and is managed through municipal mandated treatment systems (Indah Water Konsortium) in full compliance with applicable environmental regulations.

	FYE 2023	FYE 2024	FYE 2025
Water Withdrawal by Source (m³)			
- Surface water from rivers, lakes, natural ponds	0	0	0
- Groundwater from wells, boreholes	0	0	0
- Used quarry water collected in the quarry	0	0	0
- Municipal potable water	3,354	3,859	3,634
- External wastewater	0	0	0
- Harvested rainwater	0	0	2.40
- Sea water, water extracted from the sea or the ocean	0	0	0
Total Water Consumption at VSTECS Main Office (m³)	3,354.0	3,859.0	3,636.4
Water Utilised per person (m³)	7.69	8.32	7.80
Water Intensity (m³ / RM million)	1.23	1.33	1.01
Total Water Discharge (m³)	0	0	0

The Group remains steadfast in its commitment to continuous improvement in water efficiency. VSTECS upholds its primary quantitative target to reduce water utilised per person to 7 m³ by 2028. In FYE 2025, this metric was recorded at 7.80 m³/person, and the Group is actively implementing water conservation measures to drive this figure down towards the 2028 goal.

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WASTE MANAGEMENT

Given our nature of business, the Group's direct waste footprint is inherently minimal. The Group's operations focus on channel management, distribution, logistics and warehousing, meaning no industrial by-products, hazardous sludge, or scheduled manufacturing wastes are generated. The primary waste streams are non-hazardous, consisting largely of packaging materials (cardboard, plastic film) and municipal waste from office and canteen operations.

In FYE 2025, VSTECS continues to refine its waste inventory processes to capture waste streams consistently throughout the year. Reflecting this improved data coverage, the total waste generated in FYE 2025 was recorded at 47.4 tonnes. While this figure represents a numerical increase, it is largely indicative of more comprehensive reporting rather than a degradation of waste reduction practices. Crucially, as data capture improved, so did recovery capabilities. VSTECS successfully diverted 31.2 tonnes of materials from landfills, achieving a diversion rate of 65.87% surpassing the Group's internal target of 50%.

VSTECS also recognises its responsibility in managing electronic waste (e-waste) and has strengthened its approach beyond basic compliance. The Group prioritises the 3Rs by repurposing usable packaging where feasible and implements a strict sorting system to segregate defective ICT products, internal IT assets, and employee-brought e-waste. These items are then channelled exclusively to specialised, licensed waste management providers to maximise recovery and ensure safe handling of waste components. In addition, the Group has implemented an employee e-waste take-back channel supported by internal awareness initiatives and intends to progressively engage vendors through training on sustainable packaging and e-waste protocols to strengthen upstream alignment with waste minimisation objectives. In December 2025, VSTECS has expanded and formalised these initiatives across its wider supply chain and operations, in partnership our retailers and licensed e-waste recyclers.

	FYE 2024	FYE 2025
Waste generated (Tonnes)	32.24	47.36
Waste diverted from disposal (Tonnes)	22.87	31.20
Waste directed to disposal (Tonnes)	9.37	16.16

Note:

Past years' data for waste have been recalculated and restated to ensure accuracy and consistency, providing a more reliable representation of the Group's waste generation and management performance. In addition, the historical data for the prior year covers only the period from April 2024 to December 2024.

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MATERIALS AND RESOURCES MANAGEMENT

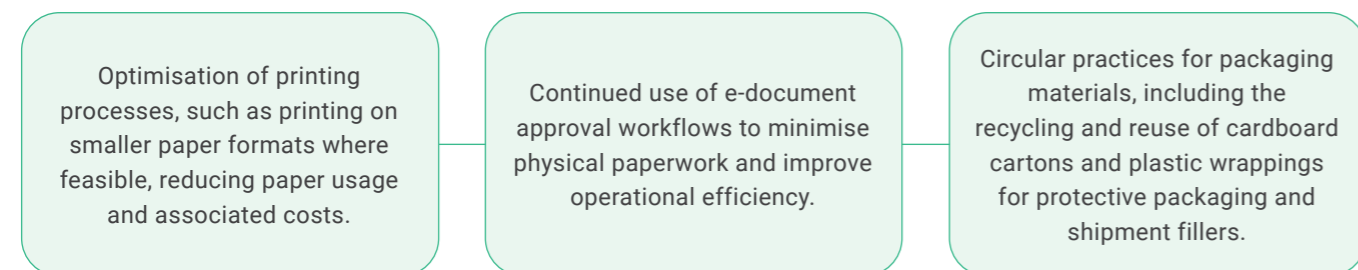
VSTECS has accelerated the digitalisation of its procurement and administrative ecosystems, fundamentally shifting away from paper-intensive workflows. By integrating end-to-end e-document approval systems, the Group has not only streamlined its supply chain interactions but also achieved a significant decrease in paper usage since 2019. Looking ahead, VSTECS aims to achieve an additional 5% reduction in paper consumption between 2024 and 2028, using FYE 2023 as the baseline.

Materials Used (Tonnes)	FYE 2023	FYE 2024	FYE 2025
Recycled Paper Packaging	1.83	1.60	1.56
Recycled Cardboard	10.30	9.76	8.48
Recycled Plastic Packaging and Straps	0.41	0.10	0.15
Total weight or volume of materials that are used to produce and package products and services / Total weight of materials used	12.54	11.46	10.19

Note:

1. The past years' data for materials have been restated to represent quantities in tonnes, ensuring consistency and clarity in reporting.
2. The weight of recycled paper packaging is estimated using a conversion factor of 1 ream = 2.5 kg. As a result, this updated representation of data is applied to revise the previous year's data for consistency.

In FYE 2025, material consumption recorded a notable decline, particularly packaging materials including cardboard and paper. Total material consumption decreased by approximately 11.1% compared to the FYE 2024 and 18.7% compared to FYE 2023 as the baseline. This reduction was driven by a continuation and enhancement of previous initiatives, including:



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ENVIRONMENTAL COMPLIANCE

VSTECS maintains a zero-tolerance approach towards non-compliance, viewing strict adherence to legal frameworks not merely as a statutory obligation, but as a reflection of its commitment to responsible corporate citizenship. While the Group's ICT distribution model entails a relatively lower direct environmental footprint compared to manufacturing industries, VSTECS remains vigilant regarding the regulatory landscape. The Group's operations are governed by adherence with local environmental regulations and requirements. The Group also continuously monitors its operations to identify and mitigate potential environmental liabilities before they materialise.

In FYE 2025, VSTECS successfully maintained its environmental compliance track record. The Group reported zero incidents of non-compliance with environmental laws and regulations. Consequently, VSTECS incurred zero costs related to environmental fines, penalties, or non-monetary sanctions during the financial year.

	FYE 2023	FYE 2024	FYE 2025
Total costs of environmental fines and penalties during financial year	0	0	0
Number of incidents of non-compliance with environmental permits, standards or regulations	0	0	0


BIODIVERSITY

Given the nature of VSTECS's business operations are conducted strictly within established industrial and commercial zones. Consequently, the Group has no direct operational footprint in or near critical habitats, protected areas, or sites of high biodiversity value. Our activities do not result in land conversion or deforestation, rendering our direct impact on biodiversity negligible.

Despite this low-impact profile, VSTECS supports broader ecosystem health through responsible corporate citizenship. The Group is exploring initiatives to enhance urban biodiversity within its existing premises, such as integrating green spaces, while collaborating with external partners on reforestation efforts to support national and regional conservation goals.

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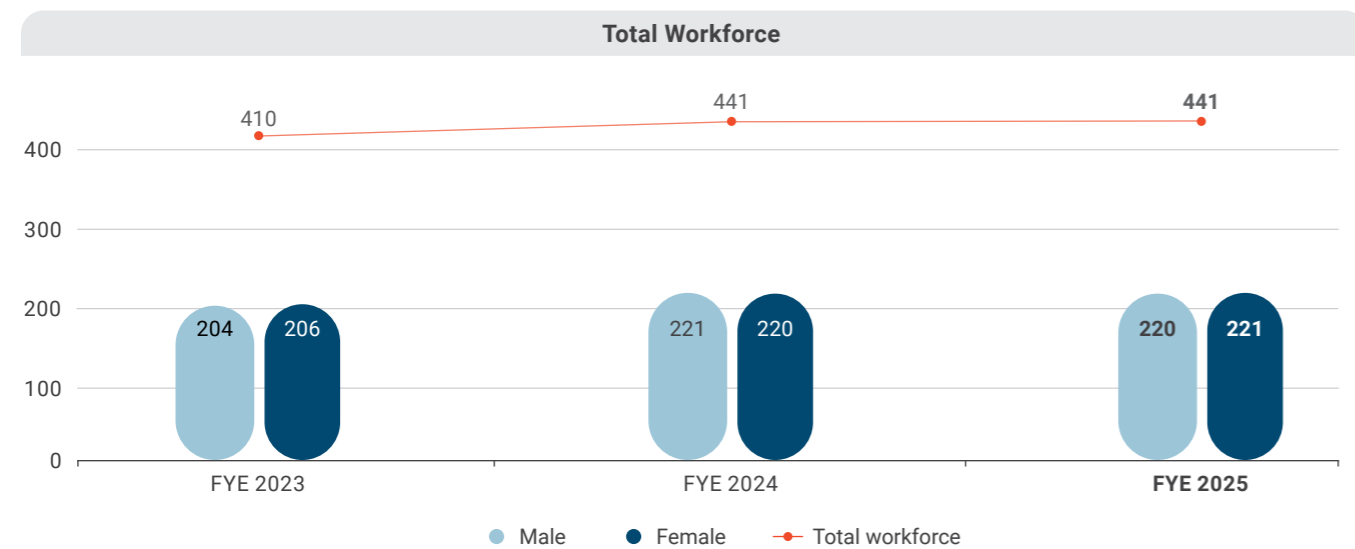
The Group recognises its people as a core asset and a key driver of long-term performance and organisational resilience. Employees are central to our operations, and their skills, commitment, and professionalism underpin our ability to deliver sustainable value. Guided by this belief, the Group is committed to fair employment practices, fostering a diverse and inclusive workplace, and supporting continuous employee development and well-being.

DIVERSITY AND INCLUSION

At VSTECs, diversity and inclusion are integral to who we are and how we operate, reflecting our belief that while technology enables progress, it is people who drive meaningful impact. We recognise that a fair, inclusive, and respectful workplace fosters innovation, strengthens collaboration, and enhances organisational resilience in an evolving business environment. Our commitment is to provide equal opportunities for all individuals to grow and succeed based on merit, capability, and contribution.

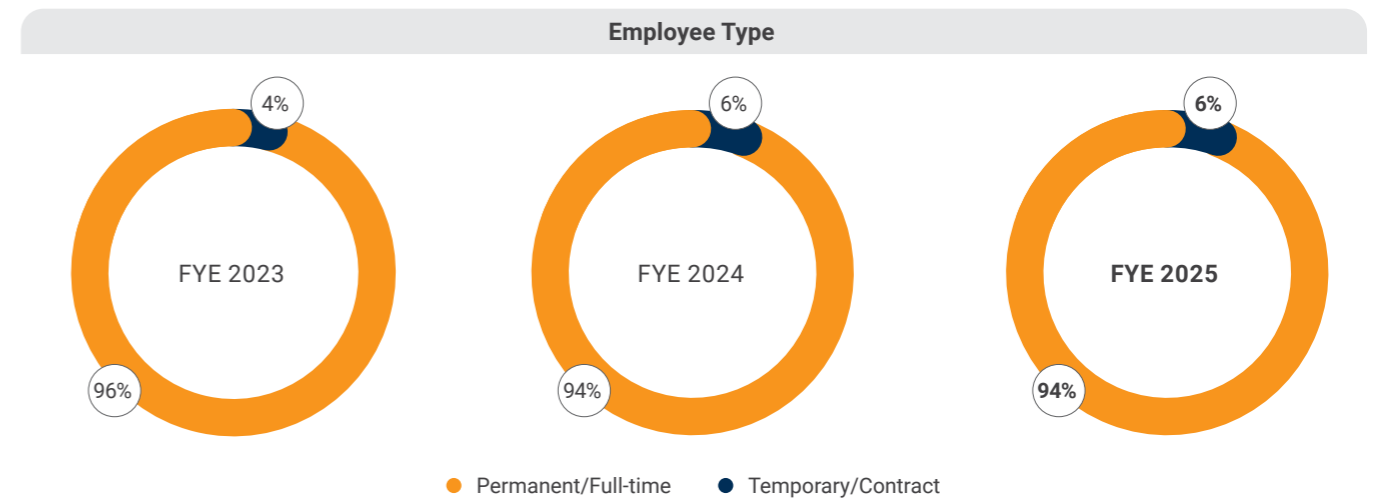
We strive to cultivate a workplace where diverse perspectives are respected, and employees are empowered to contribute authentically. Our people practices are guided by the principles of equity and fairness, ensuring that recruitment, remuneration, performance evaluation, and career progression are conducted without bias and anchored in performance and potential. Diversity is embraced across multiple dimensions, including race, gender, ethnicity, age, physical ability, nationality, religion, sexual orientation, and cultural background.

In support of this commitment, the Group actively seeks to expand access to employment and development opportunities for underrepresented and disadvantaged groups, including individuals with limited formal education or those facing social and economic barriers. These efforts are led by the Talent Management team, which plays a central role in advancing inclusive workforce practices and broadening pathways to meaningful employment.



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Gender Breakdown by Employee Category

Employee Categories	Gender	FYE 2023		FYE 2024		FYE 2025	
		%	Number	%	Number	%	Number
Management	Male	67.3	72	61.7	71	62.0	75
	Female	32.7	35	38.3	44	38.0	46
Executive	Male	45.0	104	47.5	123	46.8	118
	Female	55.0	127	52.5	136	53.2	134
Non-executive	Male	38.9	28	40.3	27	39.7	27
	Female	61.1	44	59.7	40	60.3	41

Age Breakdown by Employee Category

Employee Categories	Age	FYE 2023		FYE 2024		FYE 2025	
		%	Number	%	Number	%	Number
Management	30 and below	-	-	-	-	2.5	3
	31-50	80.4	86	79.1	91	76.0	92
	51-64	19.6	21	20.9	24	21.5	26
	65 and above	-	-	-	-	-	-
Executive	30 and below	22.1	51	37.1	96	37.3	94
	31-50	51.9	120	60.6	157	58.3	147
	51-64	25.5	59	1.9	5	4.0	10
	65 and above	0.4	1	0.4	1	0.4	1
Non-executive	30 and below	58.3	42	49.3	33	47.1	32
	31-50	33.3	24	37.3	25	45.6	31
	51-64	8.3	6	13.4	9	7.4	5
	65 and above	-	-	-	-	-	-

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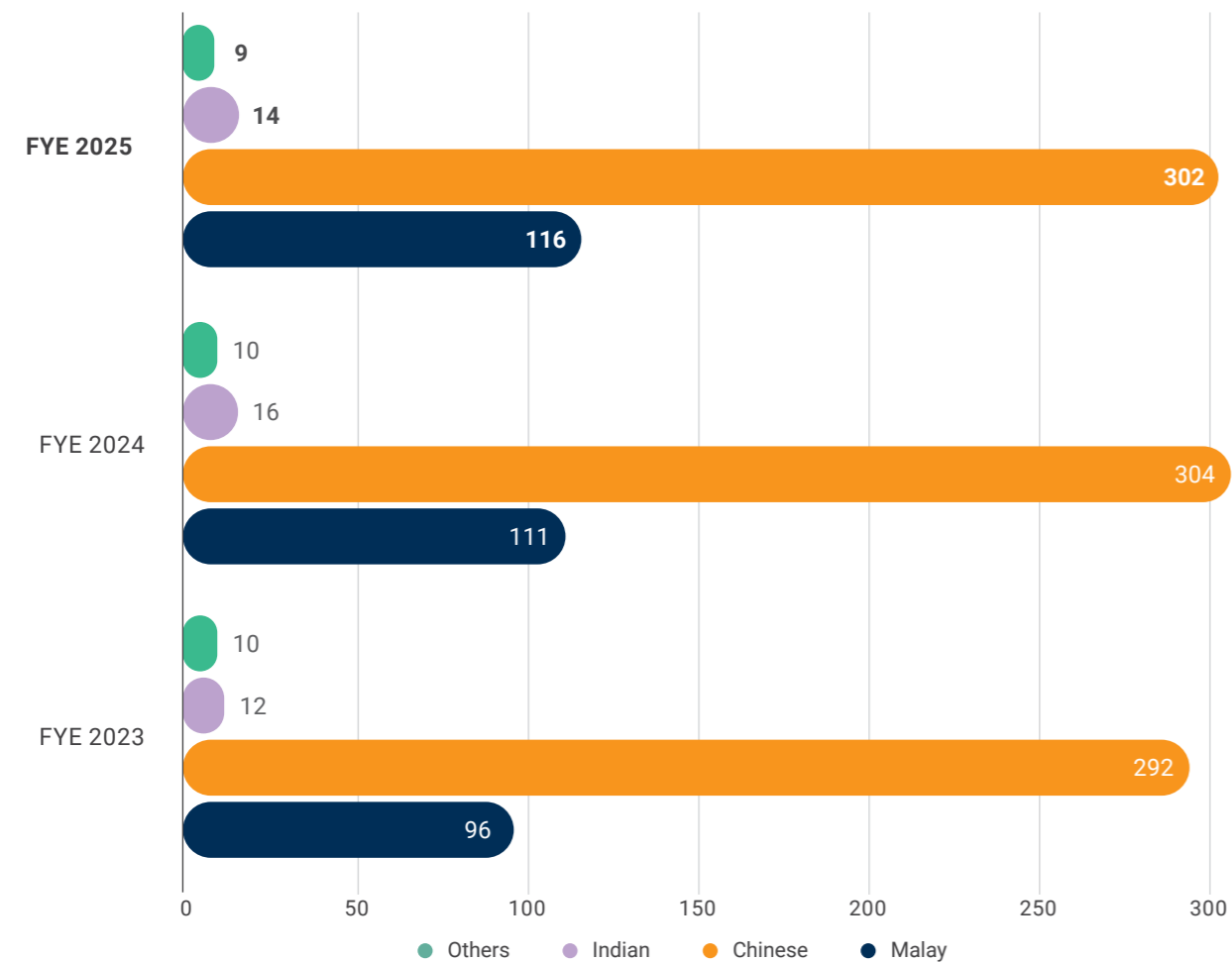
The Group prioritises local hiring to support socio-economic development within the communities in which it operates and to maintain strong alignment with local market conditions and cultural contexts. This approach reflects the Group's commitment to building a workforce that is closely connected to its operating environment.

As at FYE 2025, 100% of the Group's workforce comprised local hires. By leveraging talent with strong local market knowledge, the Group enhances operational effectiveness while also reducing environmental impacts associated with long-distance commuting and employee relocation.

In relation to non-employee workers, certain operational activities, such as warehouse tasks, are performed by a combination of outsourced workers and direct employees. These arrangements are adopted to support operational efficiency and are managed in accordance with established policies and oversight processes.

	FYE 2023	FYE 2024	FYE 2025
Malaysian	100%	100%	100%
Other nationalities	0%	0%	0%

Local workforce by ethnicity



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Hiring and Attrition

In FYE 2025, VSTECS continued to strengthen its workforce through the recruitment of new employees, reflecting the Group's focus on attracting qualified talent from diverse backgrounds. Our hiring practices are guided by principles of fairness, inclusivity, and merit, supporting balanced representation across age groups, gender, backgrounds and experience levels in line with the Group's workforce needs.

Employee Categories	Gender	FYE 2023	FYE 2024	FYE 2025
New Hires	Male	40	51	38
	Female	42	38	34
	30 and below	52	45	41
	31 - 50	29	42	31
	51 - 64	1	2	0
	65 and above	0	0	0

Note:

Data for FYE 2023 new hires female have been restated to reflect enhancements in data collection methodologies.

During the reporting period, the Group monitored employee turnover and workforce movement data to support effective talent management and workforce planning. This ongoing review enables VSTECS to identify trends, strengthen retention efforts, and enhance employee engagement over time. All new employees undergo a structured orientation programme to ensure a smooth onboarding experience and alignment with the Group's values, policies, and workplace expectations. Employees who leave the organisation are requested to complete an exit interview, allowing the Group to gather feedback and continuously improve people management practices.

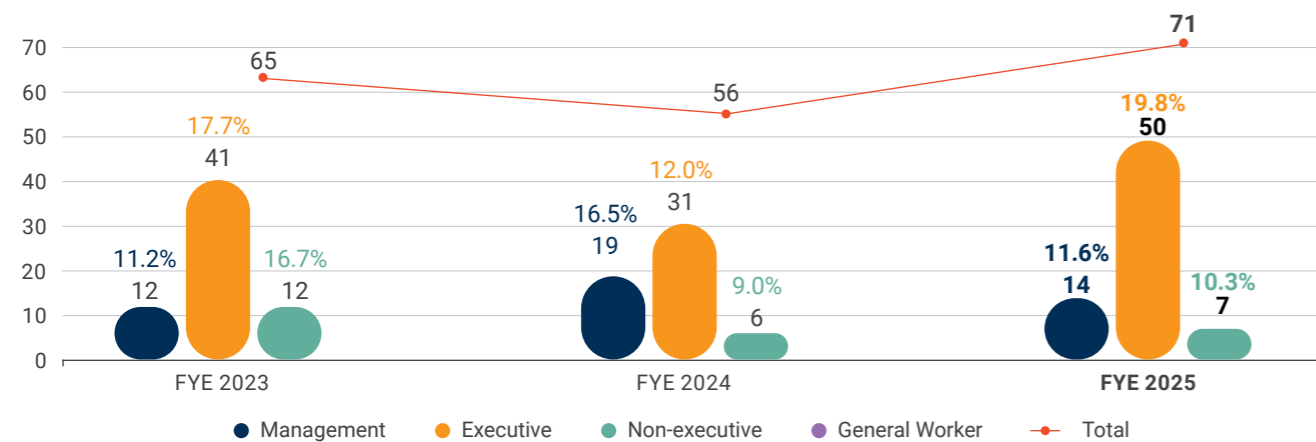
Employee Categories	Gender	FYE 2023	FYE 2024	FYE 2025
Attrition	Male	34	35	36
	Female	31	21	35
	30 and below	32	15	32
	31 - 50	33	38	35
	51 - 64	0	3	3
	65 and above	0	0	1

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Turnover by Employee Category



Full-Time Employee Turnover Rate



EMPLOYEE TRAINING & TALENT DEVELOPMENT

VSTECs places strong emphasis on employee training and development as a core pillar of its talent management approach. Guided by a Group-wide Training and Development Policy, the Group is committed to providing continuous, structured and relevant learning opportunities that support operational stability, organisational change and long-term business growth. Human capital is recognised as a key asset, and training is positioned as a strategic enabler rather than a reward. Continuous upskilling is prioritised to enhance job performance, support career progression, and strengthen succession planning across the Group. Through structured training programmes, VSTECs aims to build critical competencies, address skill gaps, and prepare employees for evolving roles. Oversight and accountability for training and development are shared across senior management, Heads of Departments, the Human Resource function and employees, ensuring consistent implementation across the Group. These efforts are championed by the Talent Management Team.

Training begins at onboarding, with all new hires undergoing a comprehensive orientation programme on their first day

of employment, complemented by on-the-job training and a buddy system to facilitate a smooth transition into their roles. Ongoing supervision and regular guidance further reinforce role clarity, performance expectations, and compliance with health and safety requirements. Training needs are systematically identified through a formal Training Needs Analysis, informed by business requirements, statutory and regulatory obligations, and outcomes of performance review exercises. Training coverage includes technical and professional competencies, professional certifications, soft skills, leadership development, succession planning, and other role-relevant competencies. Mandatory compliance training, including Anti-Bribery and Corruption training for new hires, is embedded within the learning framework to reinforce ethical conduct and regulatory compliance.

Employee performance is assessed through structured appraisal processes, including an annual performance review for eligible employees and a mid-year performance exercise for back-end staff. In FYE 2025, performance appraisals were conducted for 84.58% of employees, representing an improvement from 80.27% in FYE 2024. Performance review outcomes are used as key inputs to identify development needs and inform future training plans.

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	FYE 2023	FYE 2024	FYE 2025
Total training hours	4,821	5,768	6,410.50
Total training spend (RM)	315,893	242,838	235,070
Average training hours per employee	11.76	13.08	14.54
Average training day per employee	1.47	1.63	1.82
Average training spend per employee (RM)	770.47	550.65	533.04

* Note: Past year data have been restated following the enhancement of the calculation methodology.

Gender	FYE 2023	FYE 2024	FYE 2025
Total Employees Attended Training			
Male	158	167	143
Female	120	169	181
Average Training Hours			
Male	13.96	11.94	13.18
Female	9.58	14.22	15.89
Total Training Hours			
Male	2,848	2,639.50	2,899
Female	1,973	3,128.50	3,512

* Note: Past year data have been restated following the enhancement of the calculation methodology.

Employee Category	FYE 2023	FYE 2024	FYE 2025
Average Training Hours			
Management	21.50	13.61	11.67
Executive	10.07	13.51	16.31
Non-Executive	2.69	10.50	13.08
General Worker	0	0	0
Total Training Hours			
Management	2,300	1,565.50	1,411.5
Executive	2,327	3,499	4,109.5
Non-Executive	194	703.50	889.5
General Worker	0	0	0

* Note: Past year data have been restated following the enhancement of the calculation methodology.

In FYE 2025, VSTECs delivered targeted training programmes aligned with business priorities and workforce development needs, supporting continuous upskilling and operational effectiveness. Key trainings included technology and digital capabilities, governance and compliance, financial and operational excellence, ESG and leadership and professional development. Training was delivered through a combination of on-the-job learning, job rotation, in-house programmes and external courses, seminars and conferences, ensuring flexibility and relevance to different roles. These programmes were designed to strengthen technical proficiency, reinforce ethical and regulatory awareness, and enhance performance, collaboration, and service quality across the Group.

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In parallel, the Group continued to prioritise employee health, safety, and well-being through training on workplace safety, risk awareness, ergonomics, and emergency response. The effectiveness of training programmes is evaluated through pre-and post-training assessments and formal evaluation processes, with training records, attendance and outcomes centrally maintained by the Human Resource function for continuous improvement.

Employee Benefits and Satisfaction

Supporting employee well-being is a core component of the Group's people strategy. To promote a healthy work-life balance, VSTECs operates an active sports club, providing employees with opportunities to engage in recreational and fitness activities. These initiatives demonstrate our ongoing commitment to safeguarding employee health and fostering holistic well-being across all stages of employment.

To gauge employee satisfaction and monitor workplace engagement, the Group conducts periodic surveys using structured employee survey forms. Feedback collected through these surveys informs initiatives aimed at improving workplace practices, enhancing employee experience, and supporting overall staff satisfaction.

	FYE 2023	FYE 2024	FYE 2025
Total payments made to employees in terms of salaries, bonuses and benefits (RM'000)	51,526	60,223	68,354
Total statutory payments made for employees' retirement benefits (EPF) (RM'000)	0	0	0
Total payments in medical insurance (SOCSO) for employees (RM'000)	363	409	467

Beyond financial incentives, VSTECs promotes work-life balance through policies that comply with the Employment Act 1955, including formal maternity and paternity leave. These measures support gender inclusivity, family welfare, and equal participation in the workplace. Where operationally possible, employees may also be offered flexible working arrangements with managerial approval, allowing them to manage professional duties alongside personal commitments without compromising productivity.

	FYE 2023	FYE 2024	FYE 2025
Employees Entitled to Maternity and Paternity Leave	12	12	18
Employees Who Took Paternity Leave	4	8	12
Employees Who Took Maternity Leave	8	4	6
Return to Work Rate*			
Male	100%	100%	100%
Female	100%	100%	83%
Retention Rate**			
Male	100%	100%	50%
Female	100%	100%	80%

Note:

* Return-to-work rate: Percentage of employees returning to work after parental leave out of the total employees scheduled to return after parental leave

** Retention rate: Percentage of employees retained 12 months after returning to work post-parental leave out of the total employees returning from parental leave in the previous reporting period.

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OCCUPATIONAL HEALTH AND SAFETY

At VSTECs, the well-being of employees and stakeholders—including vendors, resellers, and customers—is a top priority. This commitment extends to employees, business partners and visitors within the Group's premises, reflecting a holistic approach to workplace safety. We are committed to fostering a safe and healthy work environment through robust internal processes, strict adherence to procedures, and a strong safety-conscious culture. Health and safety form an integral part of the Group's ESG Sustainability framework, with mandatory compliance across all operations. The Health, Safety, and Compliance (HSC) function plays a critical role within our ESG framework. Overseen by the Board and led by the General Manager reporting directly to the CEO, this function is responsible for implementing and monitoring occupational health and safety ("OSH") standards across all operations.

The Health and Safety ("H&S") Committee is structured to ensure balanced representation and inclusive decision-making. Employee representatives, nominated by their peers from across four subsidiaries, make up 27% of the committee, providing a direct voice for the non-management workforce. Company representatives from key departments—including ICT, HR, Logistics & Warehouse, and Building & Maintenance—comprise 46%, while the remaining 27% is held by the Chairman, Deputy Chairman, management representatives, and the safety coordinator. The H&S Committee is responsible for the systematic identification of workplace hazards and the implementation of appropriate risk control measures, procedures and corrective actions. This composition ensures diverse perspectives are considered in workplace safety initiatives and decision-making.

VSTECs' Health, and Safety policy is designed to eliminate or minimise workplace risks, with a clear objective of achieving zero injuries across all locations. This objective is embedded into daily operations through the integration of the Occupational Safety and Health Act 1994 (OSHA) and its amendments into the Group's Standard Operating Procedures (SOPs), ensuring

consistent compliance across all operational activities. All employees are expected to comply with established safety and health procedures in their daily work, fostering a proactive approach to safety. Regular health and safety discussions are conducted to maintain awareness and reinforce compliance, even in the absence of formal worker representatives or trade unions.

OSH performance is actively monitored through routine office walkthroughs, Hazard Identification, Risk Assessment, and Risk Control (HIRARC) assessments, and risk evaluations for both new operations and ongoing projects. In addition, the H&S Committee conducts quarterly walkthroughs of offices, warehouses and office compounds to continuously review safety practices and identify areas for improvement. Preventive measures are developed to address hazards and mitigate risks directly linked to our operations, products, services, or business relationships. Beyond compliance, VSTECs promotes health awareness through talks and initiatives aimed at preventing and controlling significant health issues.

Safety policies are effectively communicated to employees, and non-compliance is addressed through reminders, followed by disciplinary action if required. All reported incidents are investigated using a structured incident and accident reporting process, with findings systematically managed and reported to the Board at regular intervals, ensuring transparency and accountability. To strengthen preparedness and resilience, the Group has a Business Continuity Plan in place and conducts regular training, including fire drills and disaster recovery programmes, to address unforeseen events and minimise operational disruptions.

Through these measures, VSTECs upholds its responsibility to maintain a safe, health-conscious, and compliant workplace while fostering a culture of continuous improvement in occupational health and safety. Ongoing education and training form a core component of the Group's approach, reinforcing health and safety awareness.

	FYE 2023	FYE 2024	FYE 2025
Number of employees trained on health and safety standards	32	108	45
Total manhours worked (Hours)	745,664	853,632	865,080
Number of recordable work-related injuries	0	1	2
Number of Injury Incidents per 100 workers per year (Injury Rate)	0	0.23	0.46
Number of work-related fatalities, both employees and external workers	0	0	0
Number of lost time injuries	0	1	1
Number of injury incidents resulting in lost time per 100 workers per year (LTIR)	0	0.23	0.23

Note:

* Past year data have been restated following the enhancement of the calculation methodology.

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HUMAN RIGHTS AND LABOUR STANDARDS

As a responsible corporate citizen, VSTECS is committed to upholding internationally recognised human rights and labour standards across all its operations. This commitment is formalised through the Group's Labour Standards and Human Rights Policy, which applies to all employees across the Group and reflects its dedication to conducting business responsibly while safeguarding the rights and welfare of its workforce. The Human Resources ("HR") team champions these practices throughout the organisation, ensuring alignment with the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group strives to uphold these principles across its operations and, where relevant, across its value chain. The Group strictly prohibits unethical labour practices, including child labour, forced or compulsory labour, and restrictions on freedom of movement.

In addition, VSTECS is committed to broader human rights principles, including children's rights, freedom of expression and data privacy, reflecting globally recognised standards. These commitments extend to workplace safety and health, non-discrimination, diversity and inclusion, women's rights and empowerment, and freedom of association in accordance with applicable laws. While currently guided by local regulations, the Group continues to review and strengthen policies to align with international initiatives such as the Global Network Initiative and other relevant frameworks.

VSTECS respects the fundamental rights of all employees and enforces this principle through its Labour Standards and Human Rights Policy, approved at the management level and applicable to all staff. The Policy reinforces the Group's commitment to ethical employment practices, equal opportunity, fair treatment, and compliance with labour standards. It is communicated across the organisation translated where relevant to ensure accessibility and understanding among all employees. All employment-related policies, including the Employee Handbook and fair labour practice guidelines, are made accessible via internal platforms such as the intranet to promote transparency and awareness.

The Group fully complies with all applicable labour laws and regulations in Malaysia, reflecting its dedication to ethical employment and workplace standards. This includes compliance with laws governing working hours, overtime, minimum wages, and statutory benefits, alongside the Group's aim to provide competitive compensation. Best practices in preventing excessive working hours, supporting a living wage above statutory minimums, and improving workforce diversity across race, gender, age, sexual orientation, disabilities, nationality, and religion are embedded into HR planning and continuously monitored.

VSTECS respects employees' rights to freedom of association in accordance with Malaysian law. Employees are free to join registered associations, professional bodies, or cultural organisations, provided such participation does not interfere with professional responsibilities or involve unlawful activities. Employees are encouraged to report any human rights concerns or violations through established grievance or whistleblowing channels, which also cover bullying, harassment, and sexual harassment cases. During the reporting period, no such incidents were reported.

VSTECS actively conducts risk assessments for both new and existing operations to identify potential labour and human rights issues. These assessments support the early identification and mitigation of human rights risks across the Group's operations. Mechanisms are in place for employee representatives to engage with management on workplace issues, and structured programmes are being developed to support employee involvement in community initiatives, including charitable engagement aligned with the Group's business strategy.

VSTECS also maintains a zero-tolerance approach to harassment or bullying, including sexual harassment. This stance is supported by formal grievance and whistleblowing mechanisms that are accessible to both employees and external parties, with protections in place against retaliation for individuals who raise concerns in good faith. In line with Section 81(H) of the Employment Act 1955 (Amendment 2022), the Group has displayed awareness posters in all meeting rooms and provides manager training on handling reports, promoting a safe, respectful, and inclusive workplace environment.



SOCIAL

Through these measures, VSTECS demonstrates its commitment to protecting employee rights, fostering ethical employment practices, and supporting a safe and inclusive work environment across the Group and its value chain. The Group continues to review and strengthen its human rights and labour standards framework to remain aligned with evolving regulations, international standards, and best practices.

	FYE 2023	FYE 2024	FYE 2025
Number of substantiated complaints concerning human rights violations	0	0	0

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In FYE 2025, VSTECS continued to strengthen its commitment to responsible corporate citizenship, supporting communities and stakeholders in alignment with our values and business strategy. We recognise that long-term sustainability is achieved not only through business growth but also through meaningful contributions to society. Our CSR initiatives focus on education, sports, health, and support for underprivileged groups, combining charitable contributions with active employee engagement.

Employee participation remains a cornerstone of our CSR approach, with structured programmes that enable staff to contribute their time, skills, and expertise to community projects. These efforts foster inclusivity, build stronger relationships within and beyond the workplace, and enhance personal and professional development. VSTECS continues to explore ways to align community investment with business priorities and social impact, ensuring our CSR initiatives deliver tangible benefits to the communities we serve.

	FYE 2023	FYE 2024	FYE 2025
Total community investments where target beneficiaries are external to VSTECS (RM)	69,000	69,000	67,000
Total number of beneficiaries of community investments	491	486	432

Note:

Total number of beneficiaries of community investments for FYE 2025 does not include number of public members for CSR projects - Sponsorship for Blue Cap Run 2025 for Prostate Cancer, Sponsorship for CSR Health Screening Project and Tree Planting.

Details of specific FYE 2025 initiatives are provided below:

Book Donation - ReadCycle Campaign



Collection of pre-owned books from VSTECS employees and donate to the community through Books for Better World ("BFBW").

No. of beneficiaries
Public

Sustainability Statement



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Tree Planting Activity - Friends of Bukit Kiara



Tree Planting Initiative at Bukit Kiara, aimed at promoting environmental sustainability, enhancing green spaces, and supporting biodiversity in our urban landscape.

Total donation to beneficiary (RM)	No. of beneficiaries
3,950.00	Public

Supports for Kampung Orang Asli - Kampung Lintah/Piong



To support the residents of Kampung Lintah/Piong - in the replacement of zinc roofing for 9 houses in poor conditions.

Total donation to beneficiary (RM)	No. of beneficiaries
26,301.95	9 families

Food & Essentials Donation with Food4U @ Chow Kit



300 packs of food and essential items to individuals and families in need, in collaboration with Food4U for distribution at Pusat Pembelajaran Komuniti Chow Kit.

Total donation to beneficiary (RM)	No. of beneficiaries
7,719.40	300 families

Sponsorship for Farm Fresh Visit with BFBW - Refugee Children



Sponsorship of Educational Visit to Farm Fresh for Raphael Academy Refugee Students.

Total donation to beneficiary (RM)	No. of beneficiaries
1,658.20	30 children & 5 adults

Sustainability Statement



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Employee Children Education Incentive Scheme



VSTECS proudly celebrating the achievement of 39 outstanding children of our employees at our Employees' Children Education Incentive Scheme Award Ceremony held on 18 December 2025.

Total donation to beneficiary (RM)	No. of beneficiaries
19,887.50	39 children

Sponsorship for BIM Run 2025



VSTECS is pleased to support the Malaysian Federation of the Deaf (MFD) in promoting the development of Malaysian Sign Language (BIM), in conjunction with the International Week of the Deaf. VSTECS has sponsored 49 participants for the BIM Run, as well as contributing lucky draw prizes to make the event even more exciting and memorable.

Total donation to beneficiary (RM)	No. of beneficiaries
4,930.00	49 employees

Sponsorship for Blue Cap Run 2025 for Prostate Cancer

Sponsorship for the Blue Cap Run 2025 - community charity run act as a fundraiser and awareness initiative for the Beat Prostate Cancer campaign

Total donation to beneficiary (RM)	No. of beneficiaries
2,000.00	Public

Sponsorship for CSR Health Screening Project

Sponsorship to support Pharmacy students of Taylor's University to organise CSR Health Screening Project for Orang Asli from Kg. Orang Asli Desa Temuan, Bukit Lanjan.

Total donation to beneficiary (RM)	No. of beneficiaries
600.00	Public

Sustainability Statement
Bursa Malaysia Prescribed Table

Date & Time: 2026-04-21 14:07:27
FYE 31/12/2025

VSTECs BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-Corruption	Percentage of employees who have received training on anti-corruption by employee category (Management)	%	Management: 72 Executive: 77 Non Executive: 54	—	Internal
Anti-Corruption	Percentage of operations assessed for corruption-related risks	%	88	—	Internal
Anti-Corruption	Confirmed incidents of corruption and action taken	—	0	—	Internal
Community and society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	67000	—	No assurance
Community and society	Total number of beneficiaries of the investment in communities	—	432	—	No assurance
Diversity	Percentage of employees by gender for each employee category	%	Management Male: 62.0 Management Female: 38.0 Executive Male: 46.8 Executive Female: 53.2 Non-Executive Male: 39.7 Non-Executive Female: 60.3	—	No assurance
Diversity	Percentage of employees by age group for each employee category	%	Management ≤ 30 years old: 2.5 Management 31 - 50 years old: 76.0 Management 51 - 64 years old: 21.5 Management ≥ 65 years old: 0 Executive ≤ 30 years old: 37.3 Executive 31 - 50 years old: 58.3 Executive 51 - 64 years old: 4.0 Executive ≥ 65 years old: 0.4 Non Executive ≤ 30 years old: 47.1 Non Executive 31 - 50 years old: 45.6 Non Executive 51 - 64 years old: 7.4 Non Executive ≥ 65 years old: 0	—	No assurance

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Sustainability Statement
Bursa Malaysia Prescribed Table

Date & Time: 2026-04-21 14:07:27
FYE 31/12/2025

VSTECs BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of directors by gender and age group	%	Female: 43 Male: 57 ≤ 30 years old: 0 31 - 50 years old: 0 51 - 65 years old: 57 > 65 years old: 43	—	No assurance
Energy management	Total energy consumption	GJ	3262.3	—	Internal
Health and safety	Number of work-related fatalities	—	0	—	Internal
Health and safety	Lost time incident rate	—	0.23	—	Internal
Health and safety	Number of employees trained on health and safety standards	—	45	—	Internal
Labour practices and standards	Total hours of training by employee category	hour	Management: 1411.5 Executive: 4109.5 Non Executive: 889.5 General Worker: 0	—	No assurance
Labour practices and standards	Percentage of employees that are contractors or temporary staff	%	6	—	No assurance
Labour practices and standards	Total number of employee turnover by employee category	—	Management: 14 Executive: 50 Non Executive: 7 General Worker: 0	—	No assurance
Labour practices and standards	Number of substantiated complaints concerning human rights violations	—	0	—	No assurance
Supply chain management	Proportion of spending on local suppliers	%	99.9	—	No assurance
Data privacy and security	Number of substantiated complaints concerning breaches of customer data privacy and losses of customer data	—	0	—	Internal
Water	Total volume of water used	cubic meter	3636.4	—	No assurance
Water	Water consumption per employee	cubic meter per employee	78	7 by 2028	No assurance

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Sustainability Statement

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Sustainability Statement

Statement of Assurance

Date & Time: 2026-04-21 14:07:27
FYE 31/12/2025

VSTECS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Waste management	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	tonnes	4736 (i) 31,20 (ii) 16,16	At least 50% waste diverted from landfills by 2028	Internal
Emissions management	Scope 1 emissions	tonnes of CO2e	23.7	—	No assurance
Emissions management	Scope 2 emissions	tonnes of CO2e	298.2	—	No assurance
Emissions management	Scope 3 emissions (for the categories of business travel and employee commuting)	tonnes of CO2e	636.6	—	No assurance

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In strengthening the credibility of the Sustainability Statement, selected aspects of this Sustainability Statement have been subjected to an internal review by the company's internal auditors and have been approved by Audit Committee of VSTECS Berhad.

SUBJECT MATTER

The subject matters covered by the internal review include the following indicators:

Sustainability Matter	Indicator
Anti-Corruption	a) Percentage (%) of employees who have received training on anti-bribery by employee category. b) Percentage (%) of operations assessed for bribery-related risks. c) Confirmed incidents of corruption and action taken.
Energy Management	a) Total energy consumption
Health and Safety	a) Number of work-related fatalities b) Lost time incident rate c) Number of employees trained on health and safety standards
Data privacy and security	a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
Waste Management	a) Total waste generated, and a breakdown of the following: (i) Total waste diverted from disposal (ii) Total waste directed to disposal

SCOPE

The boundary of the internal review are operations of VSTECS Berhad in Malaysia, of which comprises of the four (4) wholly-owned subsidiaries as stated below:

- VSTECS Astar Sdn. Bhd.
- VSTECS KU Sdn. Bhd.
- VSTECS Kush Sdn. Bhd.
- VSTECS Pericomp Sdn. Bhd.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the selected sustainability disclosures are not prepared, in all material respects, in accordance with the Group's established reporting criteria, with reference to the Sustainability Reporting requirements of Bursa Malaysia.

LIMITATION

This internal review is limited in scope and does not constitute a full audit or independent assurance engagement.

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 2025, 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 (“SORMIC”): Guidelines for Directors of Listed Companies (“SORMIC Guide 2025”) issued by the Institute of Internal Auditors Malaysia. 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 2025.

Board’s Responsibility

The Board of Directors (“the Board”) 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 that provides a structured and systematic process for identifying, assessing, mitigating, and monitoring key risks and opportunities across the Group to support its long-term strategy and success. The ERM Committee, report to the Audit Committee (“AC”) and ultimately to the Board, assists in overseeing the effectiveness of the 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.

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 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. Consistent with the SORMIC Guide 2025, the Group’s risk management approach integrates sustainability related considerations into strategic and operational planning. Risk identification and mitigation efforts include Environmental, Social and Governance (ESG), cyber security, data privacy, and regulatory compliance dimensions, supporting the Group’s long-term resilience and sustainable value creation.

The ERM Committee meets quarterly to identify and assess any new risks, review updates and track mitigation progress 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 enhancements, establishment on new procedures and internal control work instructions,

strengthening system controls, process automation, continuous staff training, surveillance report and other measures.

During the financial year under review, the Group’s top ten (10) identified risks included 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 and 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 ISATEC Sdn. Bhd. (“ISATEC”), the Group’s associate company. However, the risk management and internal control procedures of the Group apply to our joint venture company, Enrich Platinum Sdn. Bhd. (“EPSB”). The Group maintains Board representation in both EPSB and ISATEC to safeguard its interests.

Business Continuity Management

The Board recognises the importance of a robust 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 to maintain organisational resilience during crisis in safeguarding 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 2025, notification-tree exercises with regards to BCM were conducted successfully on 2 April 2025 and 7 October 2025 and the results were concluded satisfactory in which 100% staff reachability was achieved within a 4-hour window.

Statement on Risk Management and Internal Control

The Group has successfully migrated its Enterprise Resource Planning (“ERP”) system to a secure cloud-based infrastructure, enhancing system resilience, redundancy, and availability. With this transition, data backup and disaster recovery capabilities are managed within the cloud environment, leveraging geographically redundant data centres and built-in failover mechanisms to ensure high availability and continuity of business transactions. While traditional failover testing at a physical disaster recovery site is no longer applicable, the Group continues to maintain an operational disaster recovery location in Cyberjaya, Selangor for data redundancy and in support of core systems as part of its overall business continuity strategy.

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.

The IA functions, comprising both outsourced independent professional firm and an in-house IA team 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.

Statement on Risk Management and Internal Control

Key Internal Control Processes

The Group's internal control systems encompasses financial, operational, information technology and compliance controls as 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
- iii) The Group upholds a zero-tolerance stance 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 that was enforced in June 2020. ABC Compliance Committee ("Compliance Committee") was established to oversee 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.
- iv) 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
 - Environmental, Social and Governance 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 reviewed by 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 tracked 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 have access to 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, Conflict of Interest and ABC policies are implemented within the Group for all stakeholders including Directors, Management, employees of the Group and business associates. These code and policies are established to promote a corporate culture which ensures ethical conduct throughout the Group;

Statement on Risk Management and Internal Control

- 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, 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 misconduct on a confidential basis and also enables the Group to address concerns that may adversely affect the reputation and interests of the Group effectively;
- 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 performed a review of 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 2025, 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 Section 7 of the SORMIC Guide 2025, 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, having reviewed the adequacy and effectiveness of the Group's risk management and internal control systems for the financial 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 are adequate, generally satisfactory and sufficient to safeguard the shareholders' investment, the interests of regulators and stakeholders such as business partners, 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 functioning adequately and effectively in all material aspects, based on the risk management and internal control systems of the Group.

The Board and Management remain committed to continuous enhancement of governance, risk management and monitoring of internal control framework of the Group thus ensuring alignment with evolving business conditions, regulatory requirements and stakeholder interests.

This Statement on Risk Management and Internal Control is made in accordance with the Resolution of the Board of Directors passed on 27 April 2026.

Report of the Audit Committee

Report of the Audit Committee

The Board of Directors (“**Board**”) of VSTECs Berhad (“**VSTECs**” or “**the Company**”) is pleased to present the Report of the Audit Committee (“**AC**”) which provides insights as to the manner the AC discharged its functions for the Group for financial year ended 31 December 2025 (“**FYE 2025**”).

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; Ms. 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.

MEETINGS

For FYE 2025, 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)	62 nd AC Meeting	25 February 2025	✓
(2)	63 rd AC Meeting	13 May 2025	
(3)	64 th AC Meeting	12 August 2025	
(4)	65 th AC Meeting	11 November 2025	✓

For FYE 2025, 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 (“**CEO**”) and the Chief Financial Officer (“**CFO**”) 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.

Report of the Audit Committee

ACTIVITIES OF THE AUDIT COMMITTEE

The following is a summary of the main activities carried out by the Committee during FYE 2025:-

(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 2025:-
 - 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.
- 3) Reviewed the Group Budget for Year 2026 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 2025;
- 3) Reviewed updates on the introduction of Malaysian Reporting Financial 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 2025 before recommending to the Board their re-appointment and fixing their remuneration at the forthcoming Thirtieth Annual General Meeting for the financial year ending 31 December 2026; and

Report of the Audit Committee

ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

- 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 2026 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 2025 using the adopted assessment form;

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

- Reviewed the risk-based Internal Audit Function Annual Audit Plan 2026 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 2025 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

Report of the Audit Committee

Report of the Audit Committee

ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

- 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, Chief Information Officer ("**CIO**"), 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 2025.

For the FYE 2025, the ERM Committee has held four (4) of meetings.

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

Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**"), as amended and effective from 1 June 2020, introduces the corporate liability framework whereby Malaysian commercial organisations ("**CO**") may be held liable 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 FYE 2025, the Company, being 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 is required 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

For FYE 2025, a dedicated Compliance Committee known as "ABC Compliance Committee" has been established. The 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.

Activities

- 1) During FYE 2025, the IAD and Outsourced Internal Auditors carried out audit assignments in accordance with the approved Internal Audit Plans 2025 for the Group.
- 2) Both the IAD and Outsourced Internal Auditors have tabled their risk-based Internal Audit Plans for 2026 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 Supply Chain Management, Human Resource ("**HR**") – Performance Evaluation System, E-Commerce, Service Management and Account Payable.
 - Baker Tilly presented their review reports on HR Management and Business Risk Management Process, Corporate Governance, Collection and Credit Control Process, Project Collaboration and Management as well as 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.

Report of the Audit Committee

Internal Audit Charter

The Internal Audit Charter (“IAC”) is subject to periodic review by the AC. The IAC was last reviewed by the AC and subsequently 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 2025 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 2025 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.

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 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 three (3) staff, depending on the auditable work scope, serving as the IA Engagement Team to the Company.

For FYE 2025, 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 2025

The total cost incurred for the Internal Audit Function for FYE 2025 was RM333,488, segregated in the following manner:-

- 1) IAD – RM285,488 (FYE 2024: RM262,164)
- 2) Baker Tilly – RM48,000 (FYE 2024: RM46,000)

This Report of the AC is made in accordance with the Resolution of the Board of Directors passed on 3 April 2026.

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 provided:-

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 2025, 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	237,000	80,000
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 affiliates	35,900	6,950
Total of Non-audit Fees	45,900	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 2025 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 2025 and the details of trainings are disclosed the Corporate Governance Overview Statement on pages 65 to 67 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 2025.

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 2025.

Other Information

Required by the Main LR of Bursa Securities

8. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Group	
	2025 RM'000	2024 RM'000
Total Income		
Revenue	3,608,157	2,901,716
Other income	3,378	7,089
Interest/Finance income	2,829	3,094
Share of profit of associate	6,169	3,308
Share of profit of joint venture	604	597
Total	3,621,137	2,915,804

	Group	
	2025 RM'000	2024 RM'000
Total Assets		
Total	1,088,877	877,922

(b) Business Activities

	Group	
	2025 RM'000	2024 RM'000
Shariah Non-Compliant Activities		
Interest income	2,829	3,094
Dividend income received from conventional instruments	11,002	2,580
Total	13,831	5,674

Other Information

Required by the Main LR of Bursa Securities

(c) Component of Financial Position

(i) Cash Component

	Group	
	2025 RM'000	2024 RM'000
Islamic Account/ Instruments		
Cash and bank balances (exclude cash in hand)	151	0
Total	151	0

	Group	
	2025 RM'000	2024 RM'000
Conventional Account/ Instruments		
Cash and bank balances (exclude cash in hand)	88,820	106,370
Total	88,820	106,370

(ii) Debt Component

	Group	
	2025 RM'000	2024 RM'000
Islamic Financing		
- Current		
Banker's acceptances	9,100	0
- Non-Current	0	0
Total	9,100	0

	Group	
	2025 RM'000	2024 RM'000
Conventional Borrowing		
- Current		
Banker's acceptances	11,650	0
Hire purchase payables	300	372
- Non-Current		
Hire purchase payables	25	149
Total	11,975	521

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 2025:-

- 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 Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") 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, IFRS 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 3 April 2026.

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Directors' Report

For the Year Ended 31 December 2025

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 2025.

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	98,524	38,270

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 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.
 - a single-tier second 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 amounting to RM17,471,000 declared on 26 February 2025 and paid on 13 May 2025.
- ii) In respect of the financial year ended 31 December 2025:
 - a single-tier first interim dividend of 2.8 sen per ordinary share, totalling RM9,983,000 declared on 12 November 2025 and paid on 7 January 2026.

The dividend declared by the Directors on 27 February 2026 in respect of the financial year ended 31 December 2025 is a second single-tier interim dividend of 4.0 sen per ordinary share and special dividend of 4.0 sen per ordinary share, totalling 8.0 sen per ordinary share, which is payable on 19 May 2026.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2025.

Directors' Report

For the Year Ended 31 December 2025

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
Ong Wei Hiam (appointed on 24 January 2025)
Chuah Kee Heng (appointed on 5 November 2025)
Foo Lek Choong (appointed on 5 November 2025)
Hooi Toong Wan (resigned on 24 January 2025)

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 1.1.2025	Bought	Sold	At 31.12.2025
Lee Marn Fong @ Wu Marn Fong				
<i>Own interest in the Company</i>				
- indirect	44,192,400	36,600	-	44,229,000
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 2025 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 2025

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 2025 are as follows:

	From the Company RM'000	From subsidiary companies RM'000	Total RM'000
Directors of the Company:			
Fees	513	38	551
Remuneration	36	3,787	3,823
Estimated money value of any other benefits	-	31	31
	549	3,856	4,405

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 2025

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 2025 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 2025

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 RM237,000 and RM80,000 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: 3 April 2026

Statements of Financial Position

As At 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Plant and equipment	2	8,316	4,052	-	-
Right-of-use assets	3	2,331	3,798	-	-
Intangible asset	4	571	571	-	-
Investments in subsidiaries	5	-	-	77,022	77,022
Investment in an associate	6	24,480	28,613	18,796	18,796
Investment in a joint venture	7	13,116	13,212	12,170	12,170
Other investments	8	122	143	-	-
Deferred tax assets	9	14,848	10,131	-	-
Total non-current assets		63,784	60,520	107,988	107,988
Inventories	11	269,440	247,745	-	-
Receivables and deposits	10	660,240	451,282	32,118	18,258
Prepayments		6,416	9,246	12	11
Derivative financial assets	18	-	2,488	-	-
Tax recoverable		26	271	-	-
Cash and cash equivalents	12	88,971	106,370	10,149	13,354
Total current assets		1,025,093	817,402	42,279	31,623
Total assets		1,088,877	877,922	150,267	139,611
Equity					
Share capital	13	90,000	90,000	90,000	90,000
Reserves	14	483,466	412,399	49,594	38,778
Total equity attributable to owners of the Company		573,466	502,399	139,594	128,778
Liabilities					
Borrowings	15	25	149	-	-
Lease liabilities		352	1,945	-	-
Total non-current liabilities		377	2,094	-	-
Borrowings	15	21,050	372	-	-
Lease liabilities		2,098	1,939	-	-
Payables and accruals	16	462,539	350,784	10,653	10,816
Contract liabilities	17	14,066	12,120	-	-
Derivative financial liabilities	18	3,563	-	-	-
Tax payable		11,718	8,214	20	17
Total current liabilities		515,034	373,429	10,673	10,833
Total liabilities		515,411	375,523	10,673	10,833
Total equity and liabilities		1,088,877	877,922	150,267	139,611

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 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	19	3,608,157	2,901,716	39,302	28,380
Cost of sales		(3,379,470)	(2,729,407)	-	-
Gross profit		228,687	172,309	39,302	28,380
Other income		3,378	7,089	-	-
Distribution expenses		(68,464)	(58,744)	-	-
Administrative expenses		(37,816)	(32,950)	(1,430)	(1,193)
Net loss on impairment of financial instruments		(5,692)	(1,171)	-	-
Results from operating activities	20	120,093	86,533	37,872	27,187
Finance income	21	2,829	3,094	517	465
Finance costs	22	(508)	(387)	-	-
Net finance income		2,321	2,707	517	465
Share of profit of equity-accounted associate, net of tax	6	6,169	3,308	-	-
Share of profit of equity-accounted joint venture, net of tax	7	604	597	-	-
Profit before tax		129,187	93,145	38,389	27,652
Tax expense	24	(30,663)	(22,579)	(119)	(109)
Profit for the year		98,524	70,566	38,270	27,543
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		(3)	-	-	-
Total comprehensive income for the year attributable to owners of the Company		98,521	70,566	38,270	27,543
Earnings per share attributable to owners of the Company:					
Basic and diluted (sen)	25	27.6	19.8		

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

Statements of Changes in Equity

For the Year Ended 31 December 2025

	Note	Attributable to owners of the Company					Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Non-distributable		Retained earnings RM'000	
				Translation reserve RM'000	Merger reserve RM'000		
Group							
At 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/ 1 January 2025		90,000	(1,948)	-	-	414,347	502,399
Foreign currency translation differences for foreign operation		-	-	(3)	-	-	(3)
Profit for the year		-	-	-	-	98,524	98,524
Dividends to owners of the Company	26	-	-	-	-	(27,454)	(27,454)
At 31 December 2025		90,000	(1,948)	(3)	-	485,417	573,466
		Note 13	Note 14.4	Note 14.3		Note 14.2	
Company							
At 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/ 1 January 2025		90,000	(1,948)	-	22,961	17,765	128,778
Profit for the year/ Total comprehensive income for the year		-	-	-	-	38,270	38,270
Dividends to owners of the Company	26	-	-	-	-	(27,454)	(27,454)
At 31 December 2025		90,000	(1,948)	-	22,961	28,581	139,594
		Note 13	Note 14.4		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 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities				
Profit before tax	129,187	93,145	38,389	27,652
<i>Adjustments for:</i>				
Depreciation of plant and equipment	2,304	1,456	-	-
Depreciation of right-of-use assets	2,084	1,963	-	-
Dividend income from subsidiaries	-	-	(28,300)	(25,800)
Dividend income from an associate	-	-	(10,302)	(1,780)
Dividend income from a joint venture	-	-	(700)	(800)
Gain on disposal of plant and equipment	(99)	(179)	-	-
Gain on derecognition of right-of-use assets	(6)	-	-	-
(Gain)/Loss on foreign exchange				
- Unrealised	(4,761)	2,756	-	-
Finance costs	508	387	-	-
Finance income	(2,829)	(3,094)	(517)	(465)
Fair value changes on financial instruments	6,072	(4,106)	-	-
Impairment loss on:				
- Trade receivables	4,730	1,171	-	-
- Other receivables	962	551	-	-
Bad debts recovered	-	2	-	-
Inventories written down	2,061	2,646	-	-
Plant and equipment written off	5	6	-	-
Share of profit of equity-accounted associate, net of tax	(6,169)	(3,308)	-	-
Share of profit of equity-accounted joint venture, net of tax	(604)	(597)	-	-
Operating profit/(loss) before changes in working capital	133,445	92,799	(1,430)	(1,193)
Changes in working capital:				
Inventories	(23,756)	(49,589)	-	-
Receivables, deposits and prepayments	(211,714)	(48,913)	139	2
Payables and accruals	116,516	37,918	(163)	14
Contract liabilities	1,946	(1,621)	-	-
Cash generated from/(used in) operations	16,437	30,594	(1,454)	(1,177)
Tax paid	(31,893)	(20,137)	(116)	(119)
Tax refund	262	-	-	-
Net cash (used in)/from operating activities	(15,194)	10,457	(1,570)	(1,296)

Statements of Cash Flows

For the Year Ended 31 December 2025

cont'd

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from investing activities					
Acquisition of plant and equipment		(6,306)	(1,209)	-	-
Proceeds from disposal of plant and equipment		132	183	-	-
Advance to subsidiaries		-	-	(14,000)	(18,000)
Dividend income from subsidiaries		-	-	28,300	25,800
Dividend income from an associate		10,302	1,780	10,302	1,780
Dividend income from a joint venture		700	800	700	800
Net cash from investing activities		4,828	1,554	25,302	10,380
Cash flows from financing activities					
Drawdown/(Repayment) of banker's acceptances		20,750	(33,300)	-	-
Interest paid		(508)	(387)	-	-
Interest received		2,723	2,853	517	465
Dividends paid to owners of the Company		(27,454)	(23,533)	(27,454)	(23,533)
Repayment of hire purchase liabilities		(496)	(238)	-	-
Payment of lease liabilities		(2,045)	(1,887)	-	-
Net cash used in financing activities		(7,030)	(56,492)	(26,937)	(23,068)
Net decrease in cash and cash equivalents		(17,396)	(44,481)	(3,205)	(13,984)
Effect of exchange rate fluctuations on cash held		(3)	-	-	-
Cash and cash equivalents at 1 January		106,370	150,851	13,354	27,338
Cash and cash equivalents at 31 December	12	88,971	106,370	10,149	13,354

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

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM6,606,000 (2024: RM1,801,000) of which RM 300,000 (2024: RM592,000) was acquired under hire purchase arrangement.

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

	Group	
	2025 RM'000	2024 RM'000
Included in net cash from financing activities:		
Interest paid in relation to lease liabilities	187	244
Payment of lease liabilities	2,045	1,887
Total cash outflows for leases	2,232	2,131

Statements of Cash Flows

For the Year Ended 31 December 2025

cont'd

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

	At 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/ 2025 RM'000	Net changes from financing cash flows RM'000	Acquisition of new plant and equipment/ lease RM'000	Derecognition of lease RM'000	At 31 December 2025 RM'000
Group								
Banker's acceptances	33,300	(33,300)	-	-	20,750	-	-	20,750
Hire purchase	167	(238)	592	521	(496)	300	-	325
Lease liabilities	5,771	(1,887)	-	3,884	(2,045)	717	(106)	2,450
Total liabilities from financing activities	39,238	(35,425)	592	4,405	18,209	1,017	(106)	23,525

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 2025 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 2025 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 3 April 2026.

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 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*

Notes to the Financial Statements

cont'd

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

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 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 above-mentioned 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.
- 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.

Notes to the Financial Statements

cont'd

1. BASIS OF PREPARATION (CONTINUED)

(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 30.4 – measurement of expected credit loss (“ECL”).

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
Cost					
At 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 2024/1 January 2025	14,197	325	1,805	3,962	20,289
Additions	5,289	317	595	405	6,606
Disposal	(77)	-	(427)	(11)	(515)
Written off	(1,145)	(44)	(17)	(26)	(1,232)
At 31 December 2025	18,264	598	1,956	4,330	25,148

Notes to the Financial Statements

cont'd

2. PLANT AND EQUIPMENT (CONTINUED)

Group	Office equipment RM'000	Office renovation RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Total RM'000
Accumulated depreciation					
At 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 2024/1 January 2025	11,796	309	861	3,271	16,237
Depreciation for the year	1,545	33	338	388	2,304
Disposal	(44)	-	(427)	(11)	(482)
Written off	(1,140)	(44)	(17)	(26)	(1,227)
At 31 December 2025	12,157	298	755	3,622	16,832
Carrying amounts					
At 1 January 2024	2,573	23	372	749	3,717
At 31 December 2024/1 January 2025	2,401	16	944	691	4,052
At 31 December 2025	6,107	300	1,201	708	8,316

2.1 Motor vehicles

At 31 December 2025, the net carrying amount of motor vehicles that the Group acquired under hire purchase arrangement is RM1,201,000 (2024: RM944,000).

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.

Notes to the Financial Statements

cont'd

3. RIGHT-OF-USE ASSETS

Group	Buildings RM'000
At 1 January 2024	5,761
Depreciation	(1,963)
At 31 December 2024/1 January 2025	3,798
Addition	717
Depreciation	(2,084)
Derecognition	(100)
At 31 December 2025	2,331

The Group leases warehouse and a number of office buildings that run between 2 years to 4 years, with an option to renew the lease after that date.

3.1 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 2025, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

4. INTANGIBLE ASSET

Goodwill

	Note	Group	
		2025 RM'000	2024 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.

Notes to the Financial Statements

cont'd

4. INTANGIBLE ASSET (CONTINUED)

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:

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 5.3% (2024: 8.4%), 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 4.00% (2024: 4.25%).

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
At cost	77,022	77,022

Notes to the Financial Statements

cont'd

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2025 %	2024 %
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	100

The subsidiary has yet to appoint auditors. The consolidation of this subsidiary is based on unaudited management accounts.

* 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.

6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At cost				
Unquoted shares	18,796	18,796	18,796	18,796
Share of post-acquisition reserves	5,684	9,817	-	-
	24,480	28,613	18,796	18,796

Notes to the Financial Statements

cont'd

6. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the associate is as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest	
			2025	2024
			%	%
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	
	2025 RM'000	2024 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	2,533	3,075
Current assets	60,477	56,529
Current liabilities	(34,812)	(21,074)
Net assets	28,198	38,530
Year ended 31 December		
Profit and total comprehensive income	15,270	7,687
Included in the total comprehensive income:		
Revenue	101,383	68,806
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	11,279	15,412
Goodwill	13,201	13,201
Carrying amount in the statement of financial position	24,480	28,613
Group's share of results for the year ended 31 December		
Group's share of profit and total comprehensive income	6,169	3,308
Dividend received by the Group	10,302	1,780

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.

Notes to the Financial Statements

cont'd

7. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At cost				
Unquoted shares	12,170	12,170	12,170	12,170
Share of post-acquisition reserves	946	1,042	-	-
	13,116	13,212	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	
			2025	2024
			%	%
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 (CONTINUED)

	Group	
	2025 RM'000	2024 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	30,000	30,000
Current assets	335	307
Non-current liabilities	(1,807)	(1,807)
Current liabilities	(1,075)	(1,071)
Net assets	27,453	27,429
Year ended 31 December		
Profit and total comprehensive income	1,424	1,411
Included in the total comprehensive income:		
Revenue	1,980	1,980
Income tax expense	(392)	(398)
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	13,727	13,715
Adjustment of depreciation on investment property arising from the fair value method adopted by the joint venture	(611)	(503)
Carrying amount in the statement of financial position	13,116	13,212
Group's share of results for the year ended 31 December		
Group's share of profit and total comprehensive income	604	597
Dividend received by the Group	700	800

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	
	2025 RM'000	2024 RM'000
Fair value through profit or loss		
- Investment in quoted equity in Malaysia	60	81
Fair value through other comprehensive income		
- Investment in club membership	62	62
	122	143

Notes to the Financial Statements

cont'd

9. DEFERRED TAX ASSETS

Recognised deferred tax assets/(liabilities)

	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group						
Plant and equipment	-	-	(850)	(622)	(850)	(622)
Right-of-use assets	-	-	(385)	(453)	(385)	(453)
Lease liabilities	372	471	-	-	372	471
Provisions	15,228	10,817	-	-	15,228	10,817
Other items	483	-	-	(82)	483	(82)
Tax assets/(liabilities)	16,083	11,288	(1,235)	(1,157)	14,848	10,131
Set off of tax	(1,235)	(1,157)	1,235	1,157	-	-
Net tax assets	14,848	10,131	-	-	14,848	10,131

Movement in temporary differences during the year

	Recognised in profit or loss		At		Recognised in profit or loss	
	At 1.1.2024 RM'000	(Note 24) RM'000	31.12.2024/ 1.1.2025 RM'000	At 1.1.2025 RM'000	(Note 24) RM'000	31.12.2025 RM'000
Group						
Plant and equipment		(79)	(622)	(228)		(850)
Right-of-use assets		(80)	(453)	68		(385)
Lease liabilities		112	471	(99)		372
Provisions		3,018	10,817	4,411		15,228
Other items		255	(82)	565		483
	6,905	3,226	10,131	4,717		14,848

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	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
Trade receivables		648,350	430,973	-	-
Less: Impairment loss	10.1	(7,823)	(3,272)	-	-
		640,527	427,701	-	-
Amount due from a subsidiary	10.2	-	-	111	251
		640,527	427,701	111	251
Non-trade					
Other receivables	10.3	17,529	18,610	5	5
Deposits	10.4	2,184	4,971	2	2
Amount due from a subsidiary	10.5	-	-	32,000	18,000
		19,713	23,581	32,007	18,007
		660,240	451,282	32,118	18,258

10.1 Impairment loss

Trade receivables amounting to RM179,000 (2024: RM2,000) was written off against the impairment loss brought forward.

10.2 Amount due from a subsidiary (Trade)

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

10.3 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 RM16,564,000 (2024: RM18,017,000).

10.4 Deposits

Included in deposits of the Group is an amount of RM960,000 (2024: RM960,000) paid as rental security deposits to the joint venture.

10.5 Amount due from a subsidiary (Non-trade)

The amount due from a subsidiary is unsecured, interest free and repayable on demand, except for a non-trade short-term loan of RM32,000,000 (2024: RM18,000,000) that is unsecured, subject to interest at 4.00% (2024: 4.25%) per annum and repayable on demand.

Notes to the Financial Statements

cont'd

11. INVENTORIES

	Group	
	2025 RM'000	2024 RM'000
Trading goods	265,832	245,746
Goods-in-transit	3,608	1,999
	269,440	247,745
Recognised in profit or loss:		
Inventories recognised as cost of sales	3,157,586	2,601,392
Write down to net realisable value	2,061	2,646

The write down 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and cash equivalents	88,971	106,370	10,149	13,354

13. SHARE CAPITAL

	Group and Company			
	Amount	Number	Amount	Number
	2025 RM'000	of shares 2025 '000	2024 RM'000	of shares 2024 '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

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14. RESERVES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Merger reserves	14.1	-	-	22,961	22,961
Retained earnings	14.2	485,417	414,347	28,581	17,765
Translation reserve	14.3	(3)	-	-	-
Treasury shares	14.4	(1,948)	(1,948)	(1,948)	(1,948)
		483,466	412,399	49,594	38,778

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 Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation to the Group's reporting currency.

14.4 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. At 31 December 2025, the Group held 3,444,000 (2024: 3,444,000) of the Company's own shares.

Notes to the Financial Statements

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15. BORROWINGS

	Note	Group	
		2025 RM'000	2024 RM'000
Non-current			
Hire purchase	15.1	25	149
Current			
Hire purchase	15.1	300	372
Banker's acceptances	15.2	20,750	-
		21,050	372
		21,075	521

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 are supported by way of corporate guarantee by the Company.

16. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade					
Trade payables		356,764	264,188	-	-
Deferred revenue		709	1,007	-	-
		357,473	265,195	-	-
Non-trade					
Other payables and accrued expenses	16.1	95,083	75,606	668	632
Dividend payable	26	9,983	9,983	9,983	9,983
Amount due to subsidiaries	16.2	-	-	2	201
		105,066	85,589	10,653	10,816
		462,539	350,784	10,653	10,816

Notes to the Financial Statements

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16. PAYABLES AND ACCRUALS (CONTINUED)

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 RM41,661,000 (2024: RM27,567,000).

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

	2025 RM'000	2024 RM'000
Group		
Contract liabilities	14,066	12,120

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 (LIABILITIES)/ASSETS

Derivatives at fair value through profit or loss:

	2025		2024	
	Nominal value RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000
Group				
Forward exchange contracts	182,021	(3,563)	160,355	2,488

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

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19. REVENUE

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers					
Sale of goods		3,321,565	2,690,110	-	-
Services		286,592	211,606	-	-
	19.1	3,608,157	2,901,716	-	-
Other revenue					
Dividend income from:					
- subsidiaries		-	-	28,300	25,800
- associate		-	-	10,302	1,780
- joint venture		-	-	700	800
Total revenue		3,608,157	2,901,716	39,302	28,380

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

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20. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Results from operating activities are arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees				
KPMG PLT	237	229	80	78
- Non-audit fees				
KPMG PLT	10	10	10	10
KPMG Tax Services Sdn. Bhd.	36	37	7	7
Material expenses/(income)				
Depreciation of plant and equipment	2,304	1,456	-	-
Depreciation of right-of-use assets	2,084	1,963	-	-
Dividend income:				
- associate	-	-	(10,302)	(1,780)
- joint venture	-	-	(700)	(800)
- subsidiaries	-	-	(28,300)	(25,800)
Fair value loss/(gain) on financial instruments				
- Forward exchange contracts	6,051	(4,117)	-	-
- Other investments	21	11	-	-
Gain on disposal of plant and equipment	(99)	(179)	-	-
(Gain)/Loss on foreign exchange (net):				
- Realised	(4,503)	(5,476)	-	-
- Unrealised	(4,761)	2,756	-	-
Plant and equipment written off	5	6	-	-
Inventories written down	2,061	2,646	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	5,012	4,198	-	-
- Wages, salaries and others	67,592	58,864	-	-
Net loss/(gain) on impairment of financial instruments				
Bad debts recovered	-	(2)	-	-
Trade receivables	4,730	1,171	-	-
Other receivables	962	551	-	-
	5,692	1,720	-	-

Notes to the Financial Statements

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21. FINANCE INCOME

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income of financial assets at amortised cost:	2,829	3,094	517	465

22. FINANCE COSTS

	Group	
	2025 RM'000	2024 RM'000
Interest expense of financial liabilities that are at amortised cost	313	136
Interest expense on lease liabilities	187	244
Interest expense on hire purchase	8	7
	508	387

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Company				
- Fees	551	496	513	488
- Remuneration	3,823	3,322	36	34
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	31	16	-	-
	4,405	3,834	549	522
Directors of the subsidiaries				
- Fees	21	4	-	-
- Remuneration	3,500	2,086	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	48	45	-	-
	3,569	2,135	-	-
Other key management personnel				
- Remuneration	1,879	2,326	-	-
- Contributions to Employees' Provident Fund	362	430	-	-
- Other short-term employee benefits	1,268	1,475	-	-
	3,509	4,231	-	-
	11,483	10,200	549	522

Notes to the Financial Statements

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23. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

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.

24. TAX EXPENSE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax expense				
- Current year	34,895	25,376	119	109
- Under provision in prior year	485	429	-	-
	35,380	25,805	119	109
Deferred tax expense				
- Origination and reversal of temporary differences	(4,067)	(2,658)	-	-
- Over provision in prior year	(650)	(568)	-	-
	(4,717)	(3,226)	-	-
	30,663	22,579	119	109
Reconciliation of tax expense				
Profit for the year	98,524	70,566	38,270	27,543
Tax expense	30,663	22,579	119	109
Profit excluding tax	129,187	93,145	38,389	27,652
Tax at Malaysian tax rate of 24% (2024: 24%)	31,005	22,355	9,213	6,636
Non-deductible expenses	1,448	1,300	338	284
Non-taxable income	-	-	(9,432)	(6,811)
Tax effect on share of results of associate	(1,480)	(794)	-	-
Tax effect on share of results of joint venture	(145)	(143)	-	-
	30,828	22,718	119	109
Under/(Over) provision in prior year				
- current tax	485	429	-	-
- deferred tax	(650)	(568)	-	-
	30,663	22,579	119	109

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	
	2025 RM'000	2024 RM'000
Profit attributable to owners of the Company	98,524	70,566
Weighted average number of ordinary shares at 31 December	356,555	356,555
Basic and diluted earnings per ordinary share (sen)	27.6	19.8

26. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2025			
Second interim 2024 ordinary - single tier	4.1	14,619	13 May 2025
Special dividend 2024	0.8	2,852	13 May 2025
First interim 2025 ordinary - single tier	2.8	9,983	7 January 2026
Total		27,454	
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	

After the end of the reporting period, the following dividend was declared by the Directors on 27 February 2026 and payable on 19 May 2026. These dividends will be recognised in subsequent financial period.

	Sen per share	Total amount RM'000
Second interim 2025 ordinary - single tier	4.0	14,262
Special interim 2025 ordinary - single tier	4.0	14,262
Total		28,524

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2025.

Notes to the Financial Statements

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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 2025 and 2024.

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 (CONTINUED)

27.1 Segmental information for the Group is presented as follows:

Group	ICT distribution		Enterprise systems		ICT services		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Segment profit	22,382	21,708	76,834	52,600	22,685	13,426	121,901	87,734
Included in the measure of segment profit are:								
- Depreciation of plant and equipment	(238)	(237)	(273)	(156)	(407)	(238)	(918)	(631)
- Depreciation of right-of-use assets	(88)	(87)	(55)	(50)	(117)	(7)	(260)	(144)
- Finance costs	(1,671)	(790)	(1,094)	(53)	(179)	(7)	(2,944)	(850)
- Finance income	528	482	2,816	1,702	1,378	930	4,722	3,114
Segment assets	669,995	520,234	397,659	316,506	30,492	14,457	1,098,146	851,197
Revenue from external customers	1,502,825	1,312,249	1,650,879	1,271,096	454,453	318,371	3,608,157	2,901,716
Inter-segment revenue	5,195	6,760	1,967	2,773	15,707	15,225	22,869	24,758
Total revenue	1,508,020	1,319,009	1,652,846	1,273,869	470,160	333,596	3,631,026	2,926,474

Notes to the Financial Statements

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27. OPERATING SEGMENTS (CONTINUED)

27.2 Disaggregation of revenue

Group	ICT distribution		Enterprise systems		ICT services		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Major product and service lines								
- Desktop, PC, notebooks, mobility devices and peripherals	1,508,020	1,319,009	-	-	-	-	1,508,020	1,319,009
- Server, storage, software and networking products	-	-	1,652,846	1,273,869	-	-	1,652,846	1,273,869
- Services and maintenance	-	-	-	-	470,160	333,596	470,160	333,596
	1,508,020	1,319,009	1,652,846	1,273,869	470,160	333,596	3,631,026	2,926,474
Timing								
- At a point in time	1,508,020	1,319,009	1,652,846	1,273,869	180,869	145,000	3,341,735	2,737,878
- Over time	-	-	-	-	289,291	188,596	289,291	188,596
	1,508,020	1,319,009	1,652,846	1,273,869	470,160	333,596	3,631,026	2,926,474

27.3 Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2025 RM'000	2024 RM'000
Total profit for the reportable segments	121,901	87,734
Other non-reportable segments profit	46,566	33,754
Elimination of inter-segments profit	(39,280)	(28,343)
Consolidated profit before tax	129,187	93,145

Notes to the Financial Statements

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27. OPERATING SEGMENTS (CONTINUED)

27.3 Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

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
2025							
Total reportable segments	3,631,026	(918)	(260)	(2,944)	4,722	1,098,146	2,079
Other non-reportable segments	27,770	(1,408)	(1,824)	(160)	703	172,571	4,541
Elimination of inter-segment transactions or balances	(50,639)	22	-	2,596	(2,596)	(181,840)	(14)
Consolidated total	3,608,157	(2,304)	(2,084)	(508)	2,829	1,088,877	6,606
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

27.4 Geographical segments

The Group operates predominantly in Malaysia and accordingly information by geographical locations of the Group is not presented.

28. CAPITAL COMMITMENTS

	Group	
	2025 RM'000	2024 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	996	2,994

Notes to the Financial Statements

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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.

Other related party transactions

	Transaction value			
	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Subsidiaries				
Dividend income	-	-	28,300	25,800
Interest income	-	-	447	375
Joint venture				
Dividend income	-	-	700	800
Lease expense	(1,980)	(1,980)	-	-
Professional fee	20	14	-	-
Associate				
Dividend income	-	-	10,302	1,780
Sales	384	452	-	-
Support service	(82)	(175)	-	-

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	- Mandatorily/ AC - DUIR RM'000	FVTPL - DUIR RM'000	FVOCI - EIDUIR RM'000
2025				
Financial assets				
Group				
Receivables and deposits	660,240	660,240	-	-
Cash and cash equivalents	88,971	88,971	-	-
Club membership	62	-	-	62
Quoted equity in Malaysia				
- DUIR	60	-	60	-
	749,333	749,211	60	62
Company				
Receivables and deposits	32,118	32,118	-	-
Cash and cash equivalents	10,149	10,149	-	-
	42,267	42,267	-	-
Financial liabilities				
Group				
Borrowings	(21,075)	(21,075)	-	-
Payables and accruals	(462,539)	(462,539)	-	-
Derivative financial liabilities				
- Mandatorily	(3,563)	-	(3,563)	-
	(487,177)	(483,614)	(3,563)	-
Company				
Payables and accruals	(10,653)	(10,653)	-	-

Notes to the Financial Statements

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30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

	Carrying amount RM'000	FVTPL		FVOCI - EIDUIR RM'000
		AC RM'000	- Mandatorily/ - DUIR 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

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30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	(2,863)	1,374	517	465
Financial assets at fair value through profit or loss:				
- Mandatorily required under MFRS 9	-	4,117	-	-
- Designated upon initial recognition	(21)	(11)	-	-
Financial liabilities at amortised cost	8,943	2,577	-	-
Financial liabilities at fair value through profit and loss:				
- Mandatorily required under MFRS 9	(6,051)	-	-	-
	8	8,057	517	465

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.

(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.

Notes to the Financial Statements

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30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

(i) Trade receivables (continued)

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 (2024: 5) debtors which forms 29% (2024: 23%) 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.

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
2025			
Current (not past due)	282,411	-	282,411
1 - 30 days past due	218,397	-	218,397
31 - 60 days past due	125,448	-	125,448
61 - 90 days past due	13,231	-	13,231
	639,487	-	639,487
Credit impaired			
More than 90 days past due	1,646	(606)	1,040
Individually impaired	7,217	(7,217)	-
	648,350	(7,823)	640,527

Notes to the Financial Statements

cont'd

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

(i) Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

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

The movements in the allowance for impairment losses of trade receivables during the year are shown below.

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 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 2024/1 January 2025	3,026	246	3,272
Amounts written off	(27)	(152)	(179)
Net measurement of loss allowance	(2,393)	7,123	4,730
Balance at 31 December 2025	606	7,217	7,823

Trade receivables of RM179,000 (2024: RM2,000) 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.

Notes to the Financial Statements

cont'd

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

(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 RM2,384,000 (2024: RM1,422,000) to other receivables, while the Company did not recognise any allowance for impairment losses.

(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 RM20,750,000 (2024: RM Nil) 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.

Notes to the Financial Statements

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30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

(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.

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 (CONTINUED)

30.5 Liquidity risk (continued)

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
2025						
Group						
<i>Non-derivative financial liabilities:</i>						
Banker's acceptance	20,750	3.24%-4.14%	20,750	20,750	-	-
Hire purchase	325	1.68%	328	302	26	-
Lease liabilities	2,450	4.00%-4.25%	2,563	2,194	199	170
Payables and accruals	462,539	-	462,539	462,539	-	-
	486,064		486,180	485,785	225	170
Forward exchange contracts (gross settled):						
Outflow	3,563	-	185,584	185,584	-	-
Inflow	-	-	(182,021)	(182,021)	-	-
	489,627		489,743	489,348	225	170
Company						
<i>Non-derivative financial liabilities:</i>						
Payables and accruals	10,653	-	10,653	10,653	-	-

Notes to the Financial Statements

cont'd

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.5 Liquidity risk (continued)

Maturity analysis (continued)

	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	-	-

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.

Notes to the Financial Statements

cont'd

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

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 28.7% (2024: 28.9%) 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	
	2025 RM'000	2024 RM'000
Cash and bank balances	(258)	64
Trade payables	(142,400)	(132,575)
Forward exchange contracts	(3,563)	2,488
Net exposure	(146,221)	(130,023)

Currency risk sensitivity analysis

A 10% (2024: 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	
	2025 RM'000	2024 RM'000
USD	11,113	9,882

A 10% (2024: 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 (CONTINUED)

30.6 Market risk (continued)

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate instruments				
Lease liabilities	(2,450)	(3,884)	-	-
Hire purchase liabilities	(325)	(521)	-	-
	(2,775)	(4,405)	-	-
Floating rate instruments				
Financial liabilities	(20,750)	-	-	-
Financial assets	-	-	32,000	18,000
	(20,750)	-	32,000	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	
	100 bp increase RM'000	100 bp decrease RM'000
2025		
Floating rate instruments	(158)	158
2024		
Floating rate instruments	-	-

Notes to the Financial Statements

cont'd

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 Interest rate risk (continued)

	Profit or loss	
	Company	
	100 bp increase RM'000	100 bp decrease RM'000
2025		
Floating rate instruments	243	(243)
2024		
Floating rate instruments	137	(137)

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
2025			
<i>Financial assets</i>			
Amount due from a subsidiary	4.00	32,000	32,000
2024			
<i>Financial assets</i>			
Amount due from a subsidiary	4.25	18,000	18,000

30. FINANCIAL INSTRUMENTS (CONTINUED)

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		
2025										
Financial assets										
Quoted equity in Malaysia	60	-	-	60	-	-	-	-	60	60
Club membership	-	-	-	-	-	-	62	62	62	62
Financial Liabilities										
Forward exchange contracts	-	(3,563)	-	(3,563)	-	-	-	-	(3,563)	(3,563)
2024										
Financial assets										
Quoted equity in Malaysia	81	-	-	81	-	-	-	-	81	81
Club membership	-	-	-	-	-	-	62	62	62	62
Forward exchange contracts	-	2,488	-	2,488	-	-	-	-	2,488	2,488

Notes to the Financial Statements

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Notes to the Financial Statements

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30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Fair value information (continued)

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.

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 (2024: 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 163 to 208 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 2025 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: 3 April 2026

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 163 to 208 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, at Kota Damansara in the State of Selangor on 3 April 2026.

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 2025 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 163 to 208.

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 2025, 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 59.5% 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 2025, RM1 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.

Independent Auditors' Report

To The Members of VSTECS Berhad (Registration No. 199501021835 (351038-H))
(Incorporated in Malaysia)

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.

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 (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 other information 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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- 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 (continued)

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: 03484/02/2028 J
Chartered Accountant

Petaling Jaya

Date: 3 April 2026

Analysis of Shareholdings

As at 17 March 2026

Total number of issued shares	: 360,000,000 ordinary shares
Voting rights	: 1 vote per ordinary share
Treasury shares as at 17 March 2026	: 3,444,600 ordinary shares
Adjusted capital (after netting treasury shares as at 17 March 2026)	: 356,555,400 ordinary shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	54	1.549	668	0.000
100 – 1,000	871	25.000	501,080	0.140
1,001 – 10,000	1,687	48.421	7,806,102	2.189
10,001 – 100,000	726	20.838	22,958,250	6.438
100,001 – 17,827,769*	142	4.075	88,400,200	24.792
17,827,770 and above**	4	0.114	236,889,100	66.438
Total	3,484	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.	MBSB 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	5.247
5.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2</i>	3,870,500	1.085
6.	Oasis Hope Sdn. Bhd.	3,589,600	1.006
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (F Templeton)</i>	3,546,400	0.994
8.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund</i>	3,203,200	0.898
9.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt an for Citibank New York (Norges Bank 19)</i>	3,172,000	0.889
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Commerce Trustee Berhad – Kenanga Malaysian Inc Fund</i>	3,012,400	0.844

Analysis of Shareholdings

As at 17 March 2026

No.	Name of Shareholders	No. of Shareholdings	%
11.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiew Chieng Siew (MK0111)</i>	2,702,000	0.757
12.	HSBC Nominees (Asing) Sdn. Bhd. <i>BNPP FFT/2s for Eri-Bayerninvest-Fonds Aktien Asien</i>	2,661,000	0.746
13.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG</i>	2,433,500	0.682
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Lembaga Tabung Haji (Eastspring)</i>	2,036,500	0.571
15.	Lim Kooi Fui	2,014,000	0.564
16.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>State Street Munich Fund 545F for Universal-Investment-Gesellschaft MBH for Universal S-Aktienfonds I</i>	1,889,500	0.529
17.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Gan Tee Jin</i>	1,800,000	0.504
18.	Citigroup Nominees (Asing) Sdn. Bhd. <i>CEP for Manulife Global Fund (SICAV)</i>	1,622,400	0.455
19.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for Petroliam Nasional Berhad (Pet-Manulife-EQSH)</i>	1,464,900	0.410
20.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Trustees Berhad for Areca Equitytrust Fund (211882)</i>	1,258,800	0.353
21.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiew Chieng Siew</i>	1,233,900	0.346
22.	Tan Tiang Choon	1,082,300	0.303
23.	Lim Kook Fui	1,048,200	0.293
24.	Migan Sdn. Bhd.	1,021,500	0.286
25.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	1,002,000	0.281
26.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiew Chieng Siew (E-PDG)</i>	1,000,000	0.280
27.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Trustees Berhad for Kenanga Oneprs Growth Fund (420119)</i>	974,300	0.273
28.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)</i>	962,800	0.270
29.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Trustees Berhad for Areca Dividend Income Fund (412723)</i>	908,800	0.254
30.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Manulife Investment Al-Fauzan (5170)</i>	864,300	0.242
		287,263,900	80.566

Analysis of Shareholdings

As at 17 March 2026

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2026

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	-	-	44,229,000 ⁽²⁾	12.405
Foo Lek Choong	750,000	0.210	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 2026

Name	Direct Interest		Indirect Interest	
	No of Shares	%	No of Shares	%
Lee Marn Fong @ Wu Marn Fong	-	-	44,229,000 ⁽²⁾	12.405
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 Thirtieth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth ("30th") 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, 19 May 2026 at 10:30 a.m., or at any adjournment thereof, for the following purposes:-

AGENDA

As Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and the Auditors thereon. **(Refer to Note (B))**
- To re-elect the following Directors who retire in accordance with Clause 21.6 of the Constitution of the Company:-
 - Mr. Soong Jan Hsung; and **(Resolution 1)**
 - Encik Abdul Aziz Bin Zainal Abidin. **(Resolution 2)**
- To approve the payment of Directors' fees of RM599,100/- (Ringgit Malaysia: Five Hundred Ninety-Nine Thousand and One Hundred) only for the financial year ending 31 December 2026. **(Resolution 3)**
- 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:-

- ORDINARY RESOLUTION NO. 1**
- **PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230 OF THE COMPANIES ACT 2016** **(Resolution 5)**

"THAT the benefits payable to the Directors up to an amount of RM120,000/- (Ringgit Malaysia: One Hundred and Twenty Thousand) only for the period from 1 June 2026 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."
- ORDINARY RESOLUTION NO. 2**
- **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** **(Resolution 6)**

"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;

Notice of Thirtieth Annual General Meeting

cont'd

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

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

- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

(Resolution 7)

"**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

Notice of Thirtieth Annual General Meeting

cont'd

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.

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

- PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")

(Resolution 8)

"**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 27 April 2026 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

Notice of Thirtieth Annual General Meeting

cont'd

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (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. ORDINARY RESOLUTION NO. 5

- PROPOSED BONUS ISSUE OF UP TO 720,000,000 NEW ORDINARY SHARES IN VSTECs ("VSTECs SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 2 BONUS SHARES FOR EVERY 1 EXISTING VSTECs SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF SHARES")

(Resolution 9)

"THAT subject to the approvals being obtained from all relevant authorities and/ or parties (where applicable), authority be and is hereby given to the Board of Directors of VSTECs ("**Board**") to issue and allot up to 720,000,000 Bonus Shares on the basis of 2 Bonus Shares for every 1 existing VSTECs Share held by the shareholders whose names appear in the Record of Depositors of the Company at 5.00 p.m. on an entitlement date to be determined and announced later ("**Entitlement Date**");

THAT the Bonus Shares in respect of the Proposed Bonus Issue of Shares shall be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves;

THAT the Bonus Shares will, upon allotment and issuance, rank pari passu in all respects with the existing Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution ("**Distribution**") where the entitlement date of such Distribution precedes the date of allotment and issuance of the Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and to complete the Proposed Bonus Issue of Shares (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Shares."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)

CHENG CHIA PING (MAICSA 1032514) (SSM PC NO. 202008000730)

Company Secretaries

Kuala Lumpur

Dated: 27 April 2026

Notice of Thirtieth Annual General Meeting

cont'd

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 7 May 2026 ("**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 30th 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/investor-relations/agma/>.
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 Vistra Share Registry and IPO (MY), not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. **on or before Sunday, 17 May 2026 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	Vistra Share Registry and IPO (MY) Weblink: https://srmy.vistra.com (Please refer to the Administrative Guide 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 30th 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.

Notice of Thirtieth Annual General Meeting

cont'd

(B) Audited Financial Statements for the financial year ended 31 December 2025

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 30th 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 Mr. Soong Jan Hsung and Encik Abdul Aziz Bin Zainal Abidin 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 30th 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 2025 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 2026 amounted to RM599,100/-, covering the board members of the Company as well as subsidiaries of the Company, in recognition of the performance of duties and responsibilities of the directors as well as the expected time commitment to be rendered.

This resolution is to facilitate the payment of Directors' fees for the financial year ending 31 December 2026. 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.

This 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 2026. 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 30th 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 2025 of the Company.

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.

Notice of Thirtieth Annual General Meeting

cont'd

(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 30th 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-Ninth AGM of the Company held on 13 May 2025 (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 27 April 2026 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 27 April 2026 circulated together with this Annual Report.

(J) Proposed Bonus Issue of Shares

The proposed Resolution 9, if passed, the authority be and is hereby given to the Board to issue and allot up to 720,000,000 Bonus Shares on the basis of 2 Bonus Shares for every 1 existing VSTECs Share held by the shareholders whose names appear in the Record of Depositors of the Company at 5.00 p.m. on an entitlement date to be determined and announced later.

Further details are set out in the Circular to Shareholders in relation to the Proposed Bonus Issue of Shares dated 27 April 2026 circulated together with this Annual Report.

30th Annual General Meeting (30th AGM) Administrative Guides

30th Annual General Meeting (30th AGM) Administrative Guides cont'd

Day and Date	: Tuesday, 19 May 2026
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, 19 May 2026 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 7 May 2026 shall be entitled to attend and vote or appoint proxy/proxies to attend and vote on his/her behalf at the 30th AGM.

If you are unable to attend the meeting on 19 May 2026, 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 30th AGM yourself, please do not submit any Proxy Form. You will not be allowed to participate in the 30th 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 initialed.

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, 17 May 2026 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. ("TIH") 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 Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> ("the Portal"). Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGEMENT OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with Vistra Share Registry and IPO (MY) ("the Portal")	<ul style="list-style-type: none"> Visit the Portal at https://srmy.vistra.com. Click "Register" and select "Individual Holder" and complete the New User Registration Form. For guidance, you may refer to the tutorial guide available on the homepage. Once registration is completed, you will receive an email notification to verify your registered email address. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved. Once you receive the confirmation email, activate your account by creating your password. <p><i>If you are an existing user of the Portal or Tricor's previous TIH Online portal, you are not required to register again.</i></p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of 30th AGM by the Company, login with your email address and password. Select the corporate event: "VSTECs BERHAD 30th AGM". Navigate to the 3 dots at the end of the corporate event and choose "SUBMISSION OF PROXY FORM". Read and agree to the Terms and Conditions and confirm the Declaration. Indicate the total number of shares assigned to your proxy(s) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST or ABSTAIN. Print the proxy form for your record.
ii. Steps for Corporation or Institutional Shareholders	
Register as a User with the Portal	<ul style="list-style-type: none"> Visit the Portal at https://srmy.vistra.com. Click "Register" and select "Representative of Corporate Holder" and complete the New User Registration Form. Complete the registration form with your personal details. Once registration is completed, you will receive an email notification to verify your registered email address. After verification, your registration will be reviewed and approved within two (2) working days. A confirmation email will be sent once approved. Once you receive the confirmation email, activate your account by creating your password. <p><i>Note: The representative of a corporation 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 TIH if you need clarifications on the user registration.</i></p>

30th Annual General Meeting (30th AGM) Administrative Guides

cont'd

ii. Steps for Corporation or Institutional Shareholders (Cont'd)

- Proceed with submission of Proxy Form
- Login to <https://srmy.vistra.com> with your email address and password.
 - Select the corporate event: "VSTECS BERHAD 30TH AGM"
 - Navigate to the icon ">" at the end of the corporate event.
 - Read and agree to the Terms and Conditions and confirm the Declaration.
 - Select the corporate holder's name.
 - Proceed to download the submission file.
 - Prepare the file for the appointment of proxy(ies) by inserting the required data.
 - Proceed to upload the duly completed proxy appointment file.
 - Select "Confirm" to complete your submission.
 - Print the confirmation report of your submission for your record.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 30th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 7 May 2026 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 30th AGM proceedings is allowed without prior written permission of the Company.

POLL VOTING

The voting at the 30th 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 30th 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.	
General Line	603-2783 9299
Email	is.enquiry@vista.com



VSTECS BERHAD

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

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 Thirtieth ("30th") 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, 19 May 2026 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 Mr. Soong Jan Hsung as Director pursuant to Clause 21.6 of the Company's Constitution		
Resolution 2 Re-election of Encik Abdul Aziz Bin Zainal Abidin 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		
Resolution 9 Ordinary Resolution No. 5 – Proposed Bonus Issue of Shares		

Dated this _____ day _____ 2026.

Signature of Member/ Common Seal

No. of Shares held	CDS Account No.
Contact Number	Email Address

AFFIX
STAMP

Share Registrar 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

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(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 7 May 2026 (**"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 30th 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/investor-relations/agn/>.
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 vide Vistra Share Registry and IPO (MY), not less than forty-eight (48) hours before the

time appointed for holding the AGM or adjournment thereof (i.e. **on or before Sunday, 17 May 2026 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	Vistra Share Registry and IPO (MY) Weblink: https://srmy.vistra.com (Please refer to the Administrative Guide 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 30th 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 2025

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 30th 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 Mr. Soong Jan Hsiung and Enck Abdul Aziz Bin Zainal Abidin 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 30th 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 2025 of the Company.

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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 2026 amounted to RM599,100/-, covering the board members of the Company as well as subsidiaries of the Company, in recognition of the performance of duties and responsibilities of the directors as well as the expected time commitment to be rendered.

This resolution is to facilitate the payment of Directors' fees for the financial year ending 31 December 2026. 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 2026. 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 30th 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 2025 of the Company.

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 30th 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-Ninth AGM of the Company held on 13 May 2025 (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 27 April 2026 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 27 April 2026 circulated together with this Annual Report.

(J) Proposed Bonus Issue of Shares

The proposed Resolution 9, if passed, the authority be and is hereby given to the Board to issue and allot up to 720,000,000 Bonus Shares on the basis of 2 Bonus Shares for every 1 existing VSTECs Share held by the shareholders whose names appear on the Record of Depositors of the Company at 5.00 p.m. on an entitlement date to be determined and announced later.

Further details are set out in the Circular to Shareholders in relation to the Proposed Bonus Issue of Shares dated 27 April 2026 circulated together with this Annual Report.

VSTECs BERHAD

(Registration No: 199501021835 (351038-H))

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Taman Sains Selangor,
Kota Damansara,
47810 Petaling Jaya,
Selangor, Malaysia.

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