

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("AGM") of VSTEC BERHAD ("VSTEC" or "the Company") will be held on a fully virtual basis with the Broadcast Venue located at Training Room, VSTEC Berhad, Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 16 June 2020 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 2019 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. Foo Sen Chin; and
 - Mr. Ong Wei Hiang

(Resolution 1)
(Resolution 2)
- To re-elect the following Directors who retire in accordance with Clause 21.10 of the Constitution of the Company:-
 - Dato' Khoo Sin Aik; and
 - Enck Abdul Aziz bin Zainal Abidin

(Resolution 3)
(Resolution 4)
- To approve the payment of Directors' fees of RM417,113 (Ringgit Malaysia: Four Hundred Seventeen Thousand One Hundred and Thirteen) only for the financial year ended 31 December 2019. (Resolution 5)
- To re-appoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 6)

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 7)

"THAT the benefits payable to the Directors up to an amount of RM92,887 (Ringgit Malaysia: Ninety-Two Thousand Eight Hundred and Eighty-Seven) only for the period from 1 July 2020 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 8)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("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 that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are so empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND 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."

- ORDINARY RESOLUTION NO. 3**
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

(Resolution 9)

"THAT subject to Section 127 of the Act, the Constitution of the Company, Main Market Listing Requirements ("Main LR") of 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:-

- 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
- 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:-

- cancel all the shares so purchased; and/or
 - retain the shares so purchased in treasury and/or resell on the market of Bursa Securities; and/or
 - retain part thereof as treasury shares and cancel the remainder; and/or
 - distribute the shares as dividend to shareholders, such dividend is to be known as 'share dividend'; and/or
 - sell the shares or any of the shares in accordance with the relevant rules of the stock exchange; and/or
 - transfer the shares, or any of the shares as purchase consideration; and/or
 - cancel the shares or any of the shares; and/or
 - sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- in any other manner as prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- the conclusion of the next 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
- the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- 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."

- ORDINARY RESOLUTION NO. 4**
- PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")

(Resolution 10)

"THAT subject to the provisions of the Main LR of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("VSTEC Group") to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature of VSTEC Group with specified classes of Related Parties (as defined in the Listing Requirements and as specified in the Company's Circular/Statement to Shareholders dated 22 May 2020) which are necessary for the day-to-day operations and are in the ordinary course of business and are carried out on an arm's length basis on normal commercial terms of VSTEC Group on terms not more favourable to the Related Parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

THAT the Proposed New Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed New Shareholders' Mandate, shall only continue to be in force until:-

- the conclusion of the next AGM of the Company following the general meeting at which the Proposed New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or
- the expiration of the period within which the next AGM is required by law to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- it is revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

- 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: 22 May 2020

Notes:-
(A) Information for Shareholders/Proxies

- As a precautionary measure amid the outbreak of Coronavirus Disease ("Covid-19") pandemic, VSTEC shall conduct the Twenty-Fourth AGM as a fully virtual general meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIH Online website at <https://tjh.online>. The Broadcast Venue is strictly for the purpose of complying with Clause 18.4 of the Company's Constitution and Section 32(7)(2) of the Act, which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Shareholders WILL NOT BE ALLOWED to attend the Twenty-Fourth AGM in person at the Broadcast Venue on the day of the Meeting. By utilising the RPV facilities at TIH Online (prior registration as a User is required), shareholders are to remotely attend, participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the Twenty-Fourth AGM. Please refer to the Administrative Guide for procedures to utilise the RPV facilities and take note of Notes (2) to (9) below in order to participate remotely via RPV facilities.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 June 2020 ("General Meeting Record of Depositors") shall be eligible to attend the AGM via RPV facilities.
- A member (including authorised nominee) entitled to attend and vote at the Meeting via RPV facilities, may appoint more than one (1) proxy to attend and vote at the AGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main LR of 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.
- 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 via RPV facilities 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 via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.
- 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.
- 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.
- A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at TIH Online website at <https://tjh.online>. Please refer to the Administrative Guide for procedures to utilise the RPV facilities.
- Publication of Notice of Twenty-Fourth 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 VSTEC Berhad at <https://vstecs.listedcompany.com/az2019.html>.
- 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 Registry, namely, Tricor Investor & Issuing House Services Sdn. Bhd, either at the designated office as stated below or via TIH Online, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. on or before Sunday, 14 June 2020 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
Hard copy	Tricor Investor & Issuing House Services Sdn. Bhd. Customer Service Centre Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Electronic appointment	TIH Online WebLink: https://tjh.online (Please refer to the Administrative Guide for further information on electronic submission).

- Audited Financial Statements for the financial year ended 31 December 2019**

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 Twenty-Fourth 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 Paragraphs 2.20A of the Main LR of Bursa Securities and recommended Mr. Foo Sen Chin and Mr. Ong Wei Hiang, for re-election as Directors pursuant to Clause 21.6 of the Constitution of the Company, and Dato' Khoo Sin Aik and Enck Abdul Aziz bin Zainal Abidin for re-election as Directors pursuant to Clause 21.10 of the Constitution of the Company ("Retiring Directors"). The Board has conducted a separate assessment and been satisfied with the performance/contribution of the Retiring Directors. Therefore, they recommended the same be tabled to the shareholders for approval at the forthcoming Twenty-Fourth AGM of the Company under Resolutions 1, 2, 3 and 4, 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 2019 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 ended 31 December 2019 was RM417,113 (2018: RM444,675.00). The Resolution 5, 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") has assessed the suitability 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 2020. 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 Twenty-Fourth AGM of the Company under Resolution 6. 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 2019 of the Company.

Explanatory Notes to Special Business:

- Retention of Independent Non-Executive Directors**
Ms. Ho Chee Kit ("Ms. Ho") and Enck Ahmad Subri bin Abdullah ("En. Subri") were the Independent Non-Executive Directors of the Company since the Company listed on 15 April 2010 and have served the Board for a cumulative term of more than nine (9) years. Ms. Ho and En. Subri have expressed their intention not to seek for retention as the Independent Non-Executive Directors at the forthcoming Twenty-Fourth AGM. Hence, they will retain office until the close of the Twenty-Fourth AGM of the Company.

(G) Payment of Benefits Payable

Under proposed Resolution 7, 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 comprised the meeting allowances, insurance premium and other benefits payable in favour of the Directors.

(H) 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 Twenty-Fourth AGM of the Company (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 has granted a general mandate by its shareholders at the Twenty-Third AGM of the Company held on 15 May 2019 (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 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.

(I) Proposed Renewal of Share Buy-Back

The proposed Resolution 9, 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 time period 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 the Part A of the Circular/Statement to Shareholders dated 22 May 2020 circulated together with this Annual Report.

(J) Proposed New Shareholders' Mandate

The proposed Resolution 10, if passed will enable the Company and its subsidiaries (VSTEC Group) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those general available to the public and are not, in the Company's opinion, detrimental to the Minority shareholder of the Company. Further details are set out in the Part B of the Circular/Statement to Shareholders dated 22 May 2020 circulated together with this Annual Report.