

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad has not perused the contents of this Share Buy-Back Statement (“**Statement**”) prior to its issuance and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

VisDynamics
VISDYNAMICS HOLDINGS BERHAD
[Registration No. 200501000050 (677095-M)]
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF
AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY**

The resolution in respect of the above Proposal will be tabled at the Sixteenth Annual General Meeting (“**16th AGM**”) of the Company will be conducted as fully virtual and live-stream from the broadcast venue at Conference Room, Lot 3844, Jalan TU 52, Kawasan Perindustrian Tasik Utama, Ayer Keroh, 75450 Melaka on Tuesday, 30 March 2021 at 10:30 a.m.

The Notice of the 16th AGM of the Company together with the Form of Proxy are set out in the Annual Report 2020 of the Company which can be downloaded together with this Statement at <http://www.vis-dynamics.com/eng/index.php/investor-relations/agm> or https://www.bursamalaysia.com/market_information/announcements/company_announcement.

You are urged to complete and submit the Form of Proxy to the Company’s Share Registrars’ Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof.Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via electronic means through the Boardroom Smart Investor Online Portal at <http://www.boardroomlimited.my> not less than 48 hours before the time appointed for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Sunday, 28 March 2021 at 10:30 a.m.
Date and Time of the 16th AGM : Tuesday, 30 March 2021 at 10:30 a.m.

This Statement is dated 26 February 2021

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

1. INTRODUCTION

On 18 February 2021, VisDynamics Holding Berhad (“**VisDynamics**” or “**Company**”) announced that it proposes to seek the shareholders’ approval for the Proposed Share Buy-Back Renewal at the 16th AGM to be convened.

The purpose of this Statement is to provide you with the relevant details of the Proposed Share Buy-Back Renewal to be tabled at the forthcoming 16th AGM, which will be held on Tuesday, 30 March 2021 at 10:30 a.m., Notice of which is set out on pages 101 to 106 of the Annual Report 2020 of the Company.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK RENEWAL

The Board had, during the 15th AGM held on 13 March 2020 obtained its shareholders’ approval to purchase up to 10% of the total number of issued shares (excluding treasury shares) of the Company as quoted on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as at the point of purchase. In accordance with the Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will continue in force until the conclusion of the forthcoming 16th AGM of the Company.

The Board proposes to seek approval from the shareholders for a renewal of authorisation to enable VisDynamics to purchase up to 10% of the total number of issued shares of the Company at any point in time through Bursa Securities in accordance with Section 127 of the Companies Act 2016 (“**Act**”), Listing Requirements and/or any other relevant authority.

The Proposed Share Buy-Back Renewal shall be effective upon the passing of the resolution at the forthcoming 16th AGM of VisDynamics and shall continue to remain in force until:

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

2.1 Maximum Number or Percentage of Shares to be Purchased

As at 19 February 2021, being the latest practicable date prior to printing of this Statement (“**LPD**”), the total number of ordinary shares issued by VisDynamics is 171,802,600 Ordinary Shares (“**VisDynamics Shares**”).

Assuming no further VisDynamics Shares are issued, the maximum number of VisDynamics Shares which may be purchased and/or held by the Company will not more than 17,180,260. There were no treasury shares held by the Company as at the LPD.

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SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

2.2 Treatment of VisDynamics Shares Purchased

2.2.1 In accordance with Section 127 of the Act, the Board may, at its discretion, deal with any of VisDynamics Shares so purchased in the following manner:

- (i) to cancel VisDynamics Shares so purchased; or
- (ii) to retain VisDynamics Shares so purchased as treasury shares where the Board may:
 - a. distribute all or part of the treasury shares as share dividends to the shareholders of VisDynamics;
 - b. resell all or part of the treasury shares in accordance with the Listing Requirements;
 - c. transfer all or part of the treasury shares for purposes of or under an employees' share scheme;
 - d. transfer all or part of the treasury shares as purchase consideration; or

in any other manner as may be prescribed by all applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities and/or any relevant authority for the time being in force and that the authority to deal with the purchased VisDynamics Shares shall continue to be valid until all the purchased VisDynamics Shares have been dealt with by the Board.

2.2.2 The Board intends to retain the purchased VisDynamics Shares as treasury shares, or cancel the purchased VisDynamics Shares or a combination of both. The decision will be made by the Board at the appropriate time.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK RENEWAL

The procurement of the shareholders' approval for the Proposed Share Buy-Back Renewal would enable the Company to purchase VisDynamics Shares when appropriate and at prices which the Board views favourable.

The Proposed Share Buy-Back Renewal may enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market. It may stabilise the supply and demand of VisDynamics Shares traded on the ACE Market and thereby support its fundamental value.

The Proposed Share Buy-Back Renewal, if exercised, will enhance the Earnings Per Share (“**EPS**”) of VisDynamics Shares as a result of a lower number of VisDynamics Shares being taken into account for the purpose of computing the EPS, if the purchased VisDynamics Shares are held as treasury shares or cancelled, which in turn is expected to have a positive impact on the market price of VisDynamics Shares.

The purchased VisDynamics Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Share Buy-Back Renewal is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of VisDynamics Group and the resultant impact on the shareholders of the Company. The Board, in exercising any decision to buy-back any VisDynamics Shares, will be mindful of the interests of the Company and its shareholders.

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

4.1 Potential Advantages

The potential advantages of the Proposed Share Buy-Back Renewal are as follows:

- (i) It allows the Company to take preventive measures against speculations, particularly when VisDynamics Shares are undervalued which would in turn stabilise the market price of VisDynamics Shares and hence, enhance investors' confidence;
- (ii) The Company's share capital will be reduced pursuant to the Proposed Share Buy-Back Renewal which will increase the EPS or the amount of dividend received (all things being equal);
- (iii) If the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company; and
- (iv) If the purchased Shares are retained as treasury shares, the Company may increase its financial resources from the resale of treasury shares at higher price than when it was purchased.

4.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back Renewal are as follows:

- (i) The Proposed Share Buy-Back Renewal will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in future; and
- (ii) As the Proposed Share Buy-Back Renewal can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Proposed Share Buy-Back Renewal is not expected to have any potential material disadvantage to the Company and the shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact.

5. FUNDING

The maximum amount of funds to be allocated by the Company for the Proposed Share Buy-Back Renewal shall not exceed the retained profits of the Company.

Based on the latest audited financial statements of VisDynamics as at 31 October 2020, the Company's audited accumulated profit is RM1,946,664. Meanwhile, based on the unaudited financial statements as at 31 December 2020, the Company's unaudited accumulated profit is RM1,962,334.

The funding for the Proposed Share Buy-Back Renewal will be made from internally generated funds of the Company and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back Renewal. The Proposed Share Buy-Back Renewal will reduce the cash flow of the Company by an amount equivalent to the purchase price of VisDynamics Shares and the actual number of VisDynamics Shares bought-back. Therefore, the Company will ensure that sufficient funds are available to effect the Proposed Share Buy-Back Renewal. There is no restriction on the type of funds which may be utilised for the Proposed Share Buy-Back Renewal so long as it is backed by an equivalent amount of the retained earnings of the Company.

In the event that the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back Renewal, there will be a decline in its net cash flow to the extent of the interest cost associated with such borrowing but the Board will ensure that it has sufficient financial capability to repay the bank borrowings and that the bank borrowings will not have a material impact on the cash flow of the Company.

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY
("PROPOSED SHARE BUY-BACK RENEWAL")**

6. SUBSTANTIAL SHAREHOLDER'S AND DIRECTORS' SHAREHOLDINGS

The table below illustrates the direct and indirect interests of the Directors and Substantial Shareholder of VisDynamics as at LPD assuming that the Proposed Share Buy-Back Renewal is implemented in full and all the shares so purchased are cancelled under the following scenarios:-

Minimum Scenario: Assuming none of the 42,138,150 outstanding warrants 2017/2022 ("**Outstanding Warrants**") and 766,500 outstanding options under the Employees' Shares Option Scheme ("**ESOS**") ("**Outstanding Options**") are exercised into new VisDynamics Shares.

Maximum Scenario: Assuming all the Outstanding Warrants and Outstanding Options are exercised into new VisDynamics Shares.

6.1 Minimum Scenario

(a) Directors' Shareholdings

Name of Director	Before Proposed Share Buy-Back Renewal				After Proposed Share Buy-Back Renewal			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Choy Ngee Hoe	46,510,429	27.07	-	-	46,510,429	30.08	-	-
Lee Chong Leng	5,811,225	3.38	-	-	5,811,225	3.76	-	-
Ong Hui Peng	6,099,475	3.55	-	-	6,099,475	3.94	-	-
Vincent Loh	-	-	-	-	-	-	-	-
Wang Choon Seang	-	-	-	-	-	-	-	-
Pang Nam Ming	-	-	-	-	-	-	-	-

(b) Substantial Shareholder's Shareholdings

Name of Substantial Shareholder	Before Proposed Share Buy-Back Renewal				After Proposed Share Buy-Back Renewal			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Choy Ngee Hoe	46,510,429	27.07	-	-	46,510,429	30.08	-	-

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**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY
("PROPOSED SHARE BUY-BACK RENEWAL")**

6.2 Maximum Scenario

(a) Directors' Shareholdings

Name of Director	Before Proposed Share Buy-Back Renewal				(I) After full exercise of Outstanding Warrants and Outstanding Options				(II) After (I) and Proposed Share Buy-Back Renewal			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Choy Ngee Hoe	46,510,429	27.07	-	-	56,348,163	26.24	-	-	56,348,163	29.16	-	-
Lee Chong Leng	5,811,225	3.38	-	-	5,811,231	2.71	-	-	5,811,231	3.01	-	-
Ong Hui Peng	6,099,475	3.55	-	-	6,099,543	2.84	-	-	6,099,543	3.16	-	-
Vincent Loh	-	-	-	-	-	-	-	-	-	-	-	-
Wang Choon Seang	-	-	-	-	-	-	-	-	-	-	-	-
Pang Nam Ming	-	-	-	-	-	-	-	-	-	-	-	-

(b) Substantial Shareholder's Shareholdings

Name of Substantial Shareholder	Before Proposed Share Buy-Back Renewal				(I) After full exercise of Outstanding Warrants and Outstanding Options				(II) After (I) and Proposed Share Buy-Back Renewal			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Choy Ngee Hoe	46,510,429	27.07	-	-	56,348,163	26.24	-	-	56,348,163	29.16	-	-

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SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

7. PUBLIC SHAREHOLDING SPREAD

The Board is mindful of the requirement that the Proposed Share Buy-back Renewal must not result in the number of VisDynamics Shares which are in the hands of the public falling below 25% of the total number of issued shares of VisDynamics. The public shareholding spread of the Company as at LPD was 63.26%.

The public shareholding spread of the Company is expected to be reduced to 59.18% assuming the Proposed Share Buy-Back Renewal is implemented in full. The purchased VisDynamics Shares are assumed to be purchased from the public shareholders and the number of VisDynamics Shares held by the Directors and Substantial Shareholder of VisDynamics and/or persons connected to them remain unchanged.

The Company will endeavour to ensure that the Proposed Share Buy-Back Renewal will not breach Rule 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if the purchase(s) will result in the listed company being in breach of Rule 8.02(1) of the Listing Requirements.

8. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK RENEWAL

The effects of the Proposed Share Buy-Back Renewal are presented below based on the assumption that the Proposed Share Buy-Back Renewal is implemented in full.

8.1 Share Capital

The effects of the Proposed Share Buy-Back Renewal on the total number of issued shares of the Company will depend on whether the purchased VisDynamics Shares are cancelled or retained as treasury shares. However, there will be no impact on the total issued shares of the Company if the purchased VisDynamics Shares are retained as treasury shares, resold or distributed as share dividends to shareholders.

In the event that all the purchased VisDynamics Shares are cancelled and on the assumption that the Proposed Share Buy-Back Renewal is implemented in full, the effects of the Proposed Share Buy-Back Renewal on the number of issued shares of VisDynamics as at the LPD are as below:

Minimum Scenario: Assuming none of the Outstanding Warrants and Outstanding Options are exercised into new Shares.

Maximum Scenario: Assuming all the Outstanding Warrants and Outstanding Options are exercised into new Shares.

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
Total number of issued shares as at the LPD	171,802,600	171,802,600
New shares issued pursuant to conversion of Warrants	-	42,138,150
New shares issued pursuant to the exercise of Outstanding Options	-	766,500
Enlarged Number of Issued Shares	171,802,600	214,707,250
Shares purchased amounting to 10% of the total number of issued Shares and cancelled pursuant to Proposed Shares Buy-Back Renewal	(17,180,260)	(21,470,725)
Resultant share capital	<u>154,622,340</u>	<u>193,236,625</u>

8.2 Net Assets (“NA”)

The effect of the Proposed Share Buy-Back Renewal on the consolidated NA of VisDynamics Group will depend on the purchase price of the VisDynamics Shares, the number of VisDynamics Shares purchased, the effective funding cost of VisDynamics Group to finance the share buy-back, if any, or loss in interest income to the Company, and whether the purchased VisDynamics Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders.

If all the purchased VisDynamics Shares are cancelled, the Proposed Share Buy-Back Renewal would reduce the NA per share of VisDynamics Group if the purchase price of each purchased VisDynamics Share exceeds the NA per share at the relevant point in time, and vice versa.

The NA of VisDynamics Group would decrease if the purchased VisDynamics Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the NA of VisDynamics Group by the cost of the treasury shares.

If the treasury shares are resold through Bursa Securities, the NA of VisDynamics Group would increase if the Company realises a gain from resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of VisDynamics Group would decrease by the cost of the treasury shares.

8.3 Earnings and EPS

The effect of the Proposed Share Buy-Back Renewal on the EPS of VisDynamics Group will depend on the purchase price of the VisDynamics Shares, the number of VisDynamics Shares purchased and the effective funding cost, if any, or any loss in interest income to VisDynamics Group.

Assuming that the purchased VisDynamics Shares which are retained as treasury shares are resold, the effects on the EPS of VisDynamics Group will depend on the actual selling price, the number of the treasury shares resold, and the effective gain or interest savings arising from the exercise.

8.4 Working Capital

The Proposed Share Buy-Back Renewal is likely to reduce the working capital of VisDynamics, the quantum of which depends on the purchase prices and the number of VisDynamics Shares purchased. Nevertheless, the Board is mindful of the interest of VisDynamics and its shareholders in undertaking the Proposed Share Buy-Back Renewal and will assess the working capital needs of VisDynamics prior to any purchase of Shares.

8.5 Gearing

The effect of the Proposed Share Buy-Back Renewal on the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of shares. Any borrowing utilised to purchase Visdynamics Shares may increase the gearing of the Company.

9. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016 (“THE CODE”)

As at the LPD, the major shareholder, Mr Choy Ngee Hoe holds approximately 27.07% of the voting shares of VisDynamics. In the event that the Proposed Share Buy-Back Renewal is implemented in full, the shareholding of the said major shareholder will increase to 30.08% assuming the total number of issued shares of VisDynamics and that of held by the said major shareholder remain unchanged.

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY (“PROPOSED SHARE BUY-BACK RENEWAL”)

The Board does not anticipate any implication relating to the Code even if the allowed maximum number of VisDynamics Shares is purchased pursuant to the authority granted under the Proposed Share Buy-Back Renewal.

In the event the number of voting shares of VisDynamics bought back subsequent to the date of this Statement result in the major shareholder and/or person(s) acting in concert triggering the mandatory general offer for the remaining voting shares not held by him/them, such major shareholder and/or person(s) acting in concert may consider seeking an exemption from the obligation to undertake a mandatory general offer under the Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 before a mandatory general offer is triggered. It is the intention of VisDynamics to implement the Proposed Share Buy-Back Renewal in a manner that will not result in any of the shareholders of VisDynamics having to undertake a mandatory general offer pursuant to the Code.

10. PREVIOUS PURCHASE, RESALE, CANCELLATION AND/OR TRANSFER OF TREASURY SHARES MADE IN THE PRECEDING TWELVE (12) MONTHS

There were no purchase, resale, transfer and/ or cancellation of treasury shares of VisDynamics in the previous 12 months preceding this Statement. As at the date of this Statement, the Company does not hold any treasury shares.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of VisDynamics Shares as traded on Bursa Securities for the past 12 months from February 2020 to January 2021 are as follows:-

	High RM	Low RM
<u>2020</u>		
February	0.745	0.500
March	0.617	0.206
April	0.509	0.294
May	0.560	0.451
June	0.535	0.415
July	0.615	0.470
August	0.740	0.510
September	0.660	0.450
October	0.515	0.435
November	0.510	0.405
December	0.775	0.480
<u>2021</u>		
January	1.370	0.755
Last transacted market price of VisDynamics Shares on the LPD prior to printing of this Statement.		RM1.580

(Source: Bloomberg)

12. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the Proposed Share Buy-Back Renewal, none of the Directors and/or Major Shareholder of VisDynamics and/or persons connected to them, has any interest, direct and indirect, in the Proposed Share Buy-Back Renewal or resale of treasury shares, if any.

13. DIRECTORS’ RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back Renewal, are of the opinion that the Proposed Share Buy-Back Renewal is in the best interest of the Company. Accordingly, the Directors recommend that the shareholders of VisDynamics vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back Renewal to be tabled at the forthcoming 16th AGM.

14. FURTHER INFORMATION

Shareholders are requested to refer to the following for further information:-

14.1 DIRECTORS’ RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of VisDynamic who, individually and collectively, accept full responsibility for the accuracy of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

14.2 DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, during normal business hours from the date of this Statement up to and including the date of the 16th AGM:-

- (a) Constitution of the Company; and
- (b) Audited consolidated financial statements of VisDynamics for the financial years ended 31 October 2019 and 31 October 2020.

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