

**RESPONSE TO SGX-ST QUERIES**

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The board of directors (the “**Board**”) of Versalink Holdings Limited (the “**Company**”) wishes to address the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 21 July 2023 in relation to the sale of the Company’s shares by its previous directors and/or substantial shareholders, and the subsequent cessation and appointment of the Company’s directors.

***Question 1: The changes in board composition arose due to the change in controlling shareholders of the Company. The change in controlling shareholders was pursuant to a married deal whereby various controlling and substantial shareholders (collectively, the “Previous Controlling and Substantial Shareholders”) of the Company sold their shares (aggregating 69.99%) to 4 parties, namely Ge Shuming, Trendy King Ltd (owned by Duanmu Xiaoyi), Yu Liangbing and Liu Xiaohua (collectively, the “New Controlling Shareholders”). It is noted that the shares were sold to the 4 parties at a premium of approximately 56% above market price.***

- (a) How were the New Controlling Shareholders introduced to the Previous Controlling and Substantial Shareholders?***
- (b) Why did the Previous Controlling and Substantial Shareholders agreed to sell their stakes in the Company to the New Controlling Shareholders?***
- (c) What were the reasons why the New Controlling Shareholders were prepared to pay 56% premium for the shares?***
- (d) Were there any agreements / arrangements (written or otherwise) between the Previous Controlling and Substantial Shareholders and The New Controlling Shareholders?***

Company’s Response

1. The Previous Controlling and Substantial Shareholders were looking to sell a significant stake in the Company, and had noted that it was difficult to do so in the open market due to a lack of liquidity. The Previous Controlling and Substantial Shareholders then approached the corporate finance team of ZICO Capital Pte. Ltd. (“**ZICO Capital**”) to source for or introduce interested buyers.
2. The corporate finance team of ZICO Capital broached the aforementioned matter with a third party business acquaintance, who then introduced ZICO Capital to a Mr Ng Poh Khoon.
3. Thereafter, Mr Ng Poh Khoon introduced Trendy King Limited (owned by Ms Duanmu Xiaoyi), as an investor who may be interested in acquiring a stake in the Company.
4. On or around August 2022, Mr Ng Poh Khoon and the corporate finance team of ZICO Capital arranged for Trendy King Limited to meet with the Previous Controlling and Substantial Shareholders. For the avoidance of doubt, Mr Ng Poh Khoon did not know the Previous Controlling and Substantial Shareholders, and ZICO Capital did not know Trendy King Limited or Ms Duanmu Xiaoyi. The Company did not make any payment to any of the parties for arranging the meet-up.

5. As Trendy King Limited was not keen on acquiring the entire 94,500,000 ordinary shares in the Company being offered by the Previous Controlling and Substantial Shareholders, Trendy King Limited proposed finding additional investors who may be interested in being shareholder(s) of the Company. After further discussions between Trendy King Limited and the Previous Controlling and Substantial Shareholders, Trendy King Limited and the Previous Controlling and Substantial Shareholders entered into a non-binding Term Sheet on 23 December 2022 ("**Term Sheet**"), pursuant to which:
  - (a) Trendy King Limited will engage professional(s) and/or brokerage firm(s) to source for additional investors to purchase an aggregate of 94,500,000 ordinary shares in the Company (the "**Sale Shares**") from the Previous Controlling and Substantial Shareholders.
  - (b) The Sale Shares shall be purchased at the price of S\$0.07831 per Sale Share (the "**Sale Price**") from the Previous Controlling and Substantial Shareholders.
6. The Sale Price of S\$0.07831 per Sale Share was agreed on an arm's length basis after negotiations between Trendy King Limited and the Previous Controlling and Substantial Shareholders.
7. Following the entry into the Term Sheet, Trendy King Limited engaged UHY Prime HK CPA Limited ("**UHY HK**") to procure additional investors. The following investors were subsequently shortlisted by UHY HK for the purchase of the Sale Shares ("**Acquisition**"):
  - (a) Mr Ge Shuming;
  - (b) Mr Yu Liangbing; and
  - (c) Ms Liu Xiaohua.
8. Save for the sale and purchase of the Sale Shares, there were no other agreements / arrangements between the Previous Controlling and Substantial Shareholders and the New Controlling Shareholders.

**Question 2: In view of the board changes, which board member had constituted the Nominating Committee to assess the suitability of the New Board Members? In addition, Please elaborate on the Nominating Committee's considerations and assessment on:**

- (a) **Mr Ge's suitability to be appointed as Executive Director and Chairman of the Board; and**
- (b) **Mr Xue Congyan and Ms Liu Xiaohua's suitability to be appointed as Independent Non-Executive Director.**

Company's Response

1. The Nominating Committee prior to the appointments and cessations announced on 19 July 2023 and 20 July 2023 had assessed the suitability of Mr Ge Shuming, Mr Xue Congyan and Ms Liu Xiaohua (namely, the "**New Board Members**"). The aforesaid Nominating Committee consists of Datuk Lim Tong Lee, Mr Sho Kian Hin and Ms Law Pei Ling (the "**Previous Nominating Committee**").
2. Mr Ge Shuming, having acquire a controlling stake in the Company, has an interest to further the business of the Company and to improve shareholders' return on investment. Mr Ge Shuming has prior experience in business development and marketing, and thus he has the necessary skillsets and connections such that he is able to enhance the current business of the Group and procure new projects that can bring additional revenue to the Group. The Previous Nominating Committee, after reviewing his curriculum vitae and having spoken to Mr Ge Shuming, is of the

view that Mr Ge Shuming's expertise and skillsets makes him suitable to be appointed as Executive Director of the Company.

3. The Previous Nominating Committee is also of the view that each of Mr Xue Congyan and Ms Liu Xiaohua is suitable to be appointed as an Independent Non-Executive Director of the Company, having considered their respective qualifications and work experiences, as well as their independence. Ms Liu Xiaohua is a lawyer with a Legal Professional Certificate in the People's Republic of China and has extensive experience in dealing with potential mergers and acquisitions. The Previous Nominating Committee also notes that she has served as an independent director in Northern Minerals Limited, a Company listed on the Australian Securities Exchange. Ms Liu Xiaohua also has an extensive business network in the People's Republic of China on account of her various prior work experiences, which can be tapped on by the Company for its business expansion. As for Mr Xue Congyan, he has experience being a director of companies listed on the Singapore Exchange, having been appointed as an Independent Non-Executive Director of Zixin Group Holdings Limited since August 2019 and having recently been appointed as Independent Non-Executive Director of Camsing Healthcare Limited in June 2023. Mr Xue Congyan also has extensive experience in the capital markets industry, and would be able to provide guidance on the Company's affairs, including but not limited to any fundraising that the Company undertakes.

**Question 3: Please elaborate on the Sponsor's considerations and assessment on:**

- (a) **Mr Ge's suitability to be appointed as Executive Director and Chairman of the Board; and**
- (b) **Mr Xue Congyan and Ms Liu Xiaohua's suitability to be appointed as Independent Non-Executive Director.**

Sponsor's Response

As part of the Sponsor's due diligence process in respect of the respective appointments of Mr Ge Shuming ("**Mr Ge**"), Mr Xue Congyan ("**Mr Xue**") and Ms Liu Xiaohua ("**Ms Liu**") as a Director to the Board, the Sponsor had (i) conducted interviews with each of Mr Ge, Mr Xue and Ms Liu; (ii) commissioned an independent professional business intelligence firm to conduct due diligence checks on each of them; (iii) conducted desktop searches (including Bloomberg search, Google search and World Check) on each of them; and (iv) obtained and reviewed their respective resumes and declaration forms, as well as the confirmation of independence from Mr Xue and Ms Liu.

In determining the suitability of Mr Ge as Executive Director and Chairman of the Board, the Sponsor has considered the following:

- (a) Mr Ge has more than seven (7) years of experience in strategic planning and business development during his tenure with various companies;
- (b) Mr Ge has held general executive and/or managerial positions during his tenure with various companies;
- (c) Mr Ge holds a Master degree in Business Management;
- (d) There were no adverse findings on Mr Ge arising from the Sponsor's due diligence, and there were no adverse disclosures made by Mr Ge pursuant to Appendix 7F of the Catalist Rules that would affect Mr Ge's suitability;
- (e) Mr Ge will be supported by the other members of the Board and by the management of the Company as well as professional parties (such as the company secretary) in discharging his duties as the Chairman of the Board; and

- (f) The Sponsor has requested the Company to arrange for Mr Ge to attend a briefing on the duties and responsibilities as a director of a listed company to be conducted by a Singapore law firm within one (1) month from the date of his appointment as Director of the Company. In addition, Mr Ge will be attending the mandatory training for first-time director as prescribed by the Singapore Exchange, within one (1) year from his appointment.

In determining the suitability of Mr Xue as an Independent Director, the Sponsor has considered the following:

- (a) Mr Xue has prior experience as an independent director of companies that are listed on the Singapore Exchange, namely, Zixin Group Holdings Limited (listed on the Catalist board of the Singapore Exchange) and Camsing Healthcare Limited ("**Camsing**") (listed on the Mainboard of the Singapore Exchange);
- (b) Mr Xue has more than 15 years of experience in the capital markets, including areas in mergers and acquisitions, corporate finance, public listings and fundraising;
- (c) Mr Xue holds a Master of Science degree in Global Finance and a Master of Science degree in International Finance; and
- (d) There were no adverse findings on Mr Xue arising from the Sponsor's due diligence, and there were no adverse disclosures made by Mr Xue pursuant to Appendix 7F of the Catalist Rules that would affect Mr Xue's suitability.

In determining the suitability of Ms Liu as an Independent Director, the Sponsor has considered the following:

- (a) Ms Liu has prior experience as an independent director of Northern Minerals Limited, a company listed on the Australia Stock Exchange;
- (b) Ms Liu was recently appointed as an independent director of (i) Camsing, a company listed on the Mainboard of the Singapore Exchange; and (ii) First Capital Securities Co., Ltd., a company listed on the Main Board of the Shenzhen Stock Exchange;
- (c) Ms Liu holds a Master degree in Law, as well as a Legal Professional Certificate and a Fund Practicing Qualification Certificate in the People's Republic of China;
- (d) Ms Liu has more than 10 years of legal and financial related experience;
- (e) There were no adverse findings on Ms Liu arising from the Sponsor's due diligence, and there were no adverse disclosures made by Ms Liu pursuant to Appendix 7F of the Catalist Rules that would affect Ms Liu's suitability; and
- (f) The Sponsor has requested the Company to arrange for Ms Liu to attend a briefing on the duties and responsibilities as a director of a listed company to be conducted by a Singapore law firm within one (1) month from the date of her appointment as Director of the Company. In addition, Ms Liu will be attending the mandatory training for first-time director, as prescribed by the Singapore Exchange, within one (1) year from her appointment as a director of Camsing.

Based on the above, nothing has come to the attention of the Sponsor which suggests that each of Mr Ge, Mr Xue and Ms Liu is not suitable to be appointed as a Director of the Company and does not possess the requisite qualifications and experience to undertake their respective roles and responsibilities as a Director of the Company.

**Question 4: Please disclose the Board's / New Controlling Shareholders' future plans for the Group.**

Company's Response

Trendy King Limited and Mr Ge Shuming are the only two (2) controlling shareholders post-Acquisition. Trendy King Limited is holding the Company's shares as a financial investor, and does not have any management rights in the Company, whereas Mr Ge Shuming has been appointed as the Executive Director of the Company and Chairman of the Board, and will be leading the business development of the Company. Mr Ge Shuming will be working closely with the newly constituted Board on all major matters relating to the Group. It is intended for the Board to review the Group's business, to identify areas by which the Group's strategic directions and operations can be enhanced, including but not limited to the possibility of tapping on Ms Liu Xiaohua's extensive business network to expand the Group's business to the People's Republic of China. However at the moment, the Board is not planning to introduce material changes to the existing business of the Group, redeploy its fixed assets or discontinue the employment of its current employees, other than in the ordinary course of business.

**Question 5: Does the Board intend to dispose the existing furniture business in the near future?**

Company's Response

The Board does not currently have plans to dispose of the Group's existing office furniture business in the near future. However, in undertaking the review of the Group's business from time to time, the Board will act in the Company's best interest, and may make decisions to enhance the Group's strategic direction and operations through the acquisition of new assets, the disposal or cessation of underperforming businesses and assets, or the redeployment of certain employees of the company and its subsidiaries in the future.

**Question 6: We note that the Company is in the furniture business with key operations in Malaysia. Mr Ge Shuming's (ED cum Chairman) experience is in the pharmaceutical industry and is based in China. Similarly, the other two New Board Members, namely Ms Liu Xiaohua and Mr Xue Congyan are based in China.**

- (a) Please elaborate on how New Board Members plan to oversee the operations and board affairs of the Company.**
- (b) Catalyst Rule 406(3)(c) requires a company with principal place of business in a foreign jurisdiction, to have at least one independent director resident in Singapore. Please advise if this rule requirement is met.**

Company's Response

1. Notwithstanding the changes in the Board, the Group's existing management team is still in Malaysia managing the Group's existing office furniture business, and will continue to report to the newly constituted Board. Mr Law Kian Siong remains as the Executive Director of the Company to continue to manage and oversee the operations of the office furniture business of the Group, and Dato' Dr Lee Chung Wah, who was previously an Executive Director of the Company, has been redesignated as an Executive Advisor of the Company's subsidiary, Jemaramas Jaya Sdn Bhd, which is in the office furniture business.
2. The newly constituted Board has also met on 21 July 2023 and affirmed that it is important for the newly constituted Board to understand more about the Group's business in Malaysia and has since made arrangements for the newly appointed directors to visit the Group's principal place of business in Malaysia in early August 2023. The newly constituted Board will also convene on a

half-yearly basis so that the management team can provide the Board with a report on the operations of the Group's business and to discuss the financials of the Group. In addition, in discharging his duties as Executive Director of the Company, Mr Ge Shuming intends to apply for an employment pass so that he can be based in Singapore and can be situated nearer to the Group's principal place of business.

3. The Company is aware of the requirement under Catalist Rule 406(3)(c) and notes that Catalist Rule 406(3)(c) allows the Company to fulfil the requirement within two (2) months, and in any case, not later than three (3) months from the relevant retirement or resignation. In this regard, the Company is in the midst of identifying candidates for the appointment of the Company's third independent director, in which these candidates would be Singapore citizens who would be ordinarily resident in Singapore. The Company will provide its shareholders with updates on the aforementioned matter as and when appropriate.

**Question 7: We noted that 3 out of 4 directors are new to the Company, in addition, 2 of them are first time directors of Singapore listed companies.**

- (a) **Please explain how the Company ensures the directors have adequate knowledge about the background, business, operations of the Group to perform their roles effectively.**
- (b) **Please provide the NC's (comprising the previous board members who had assessed the New Board Members) consideration and assessment on the efficacy of the Board as a whole, as well as the New Board Members' familiarity with local rules, laws and regulations, as well as the rules, laws and regulations where the Group operations in.**
- (c) **Please provide the Sponsor's consideration and assessment on the efficacy of the Board as a whole, as well as the New Board Members' familiarity with local rules, laws and regulations, as well as the rules, laws and regulations where the Group operations in.**

#### Company's Response

1. The Company has, at the request of the Sponsor, arranged for the new directors to be briefed on their duties and responsibilities as the Company's directors by a Singapore law firm within one (1) month from the date of their appointment. The new directors are also in the midst of signing up for the Listed Entity Director Programme provided by the Singapore Institute of Directors.
2. The newly constituted Board believe that they will be capably supported by the management team and professional parties and be properly advised of the same. In any event, the newly constituted Board wish to highlight that the management team of the Group's existing business is still in place and will report to the newly constituted Board on all operation matters.
3. The Company had also arranged a separate session on 17 July 2023, in which the outgoing Board members had carried out a handover of the Company's affairs with the newly constituted Board. The outgoing Board members have also given assurance that they will be on hand to assist the newly constituted Board for the next one (1) month from their resignation to assist with the newly constituted Board.

#### Sponsor's Response

In assessing the efficacy of the new Board as a whole, the Sponsor has considered, among others, the following:

- (a) the Company is expected to benefit from the broad range of expertise and experience of each of its Board members. These include diverse areas such as accounting, finance, management, investment, legal, strategic planning and business development, as well as sector relevant knowledge. The Company also intends to leverage the wide network of business contacts and fund-raising expertise of its new Board members in exploring viable business diversifications;

- (b) the Group's existing office furniture business will continue to be overseen and managed by the existing management team which includes Mr Law Kian Siong (the former Group Chief Executive Officer who will continue to sit on the Board as Executive Director) who joined the Group since January 1994, Mr Law Kian Guan (director of the Company's subsidiaries in the office furniture business) who joined the Group since September 2005 and Dato' Dr Lee Chung Wah (the former Executive Director who will remain as Executive Advisor to the Company's subsidiaries in the office furniture business) who joined the Group in an executive position since March 2022;
- (c) the Company has made arrangements for the New Board Members to visit the Group's place of business in Malaysia to familiarise themselves with the Group's operations, business issues and the relevant regulations and governance requirements;
- (d) the management team of the Group's existing office furniture business will report to the new Board on the Group's operations on a half-yearly basis;
- (e) Mr Law Kian Siong has been a director of the Company since April 2014, and is very familiar with the continuing listing obligations of the Singapore Exchange. The rest of the Board members who have relatively limited or no experience as directors of Singapore-listed companies will be duly briefed on the duties and responsibilities as a director of a listed company by a Singapore law firm within one (1) month from the date of their appointment as Director of the Company. The relevant Directors will also be attending the mandatory training for first-time director, as prescribed by the Singapore Exchange, within one (1) year from their appointment;
- (f) the new Board will be supported by the management of the Company as well as professional parties (such as the company secretary);
- (g) the new Board will continue to have various Board committees (namely, the Audit Committee, the Nominating Committee and the Remuneration Committee) with clear written terms of reference as set out in the Company's annual report for the financial year ended 28 February 2023;
- (h) none of the Directors on the new Board holds directorships in more than three (3) listed companies in Singapore or elsewhere (including the Company), and they have each confirmed that they will be able to devote sufficient time and attention to the affairs of the Group;
- (i) there has been a formal "hand-over" process between the outgoing Directors and the new Board members; and
- (j) the Company is in the process of sourcing for a third Independent Director, who would be a resident in Singapore, so as to be in compliance with the relevant Catalist Rules, the Companies Act 1967 of Singapore and the Code of Corporate Governance 2018.

**Question 8: We noted Ms Liu Xiaohua was appointed as ID of Camsing Healthcare Ltd on 16 Jun 2023 and has yet to attend the required training for first time directors. In Ms Liu's appointment announcement, the Company disclosed that Ms Liu has prior experience as a director of a listed company, citing her experience in Camsing as support. Please explain the basis that the Company considered Ms Liu as having prior experience as a director of an issuer listed on the Exchange even though she was only appointed as ID of Camsing for a month and has yet to attend the requisite directors' training.**

Company's Response

1. Catalist Rule 704(7) read with Appendix 7F requires Ms Liu Xiaohua to state whether she has any prior experience as a director of an issuer listed on the Singapore Exchange. Ms Liu Xiaohua was appointed as a Non-Executive and Independent Director of Camsing Healthcare Limited on 15 June 2023, which was before her current appointment as a Non-Executive and Independent Director of the Company. She has accordingly disclosed her directorship in Camsing Healthcare Limited Company in the interest of full and frank disclosure.
2. The Company also understands from Ms Liu Xiaohua that while she was only appointed on 15 June 2023 as a Non-Executive and Independent Director of Camsing Healthcare Limited, she has already attended one (1) Board meeting and visited the principal place of business of Camsing Healthcare Limited. Ms Liu Xiaohua has also informed the Company that Camsing Healthcare Limited will be arranging for her to attend training on the roles and responsibilities of a director of a listed issuer on the Singapore Exchange prior to her formally attending the Listed Entity Director Programme provided by the Singapore Institute of Directors as prescribed by the Singapore Exchange. Ms Liu Xiaohua is also in the midst of applying for the Listed Entity Director Programme provided by the Singapore Institute of Directors.

By Order of the Board

**VERSALINK HOLDINGS LIMITED**

GE SHUMING

Executive Director and Chairman

27 July 2023

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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