Performance by design

Annual Report 2017

This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document. This document has not been examined or approved by the SGX-ST.

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CORPORATE PROFILE AND OUR BUSINESS

Since 1991, Versalink Holdings Limited ("Versalink" or the "Company" and, together with its subsidiaries, the "Group") has grown to become one of the leading manufacturers of mid to high-end System Furniture in Malaysia.

The Company attributes its success to Mr Roland Law, the Group's Technical Adviser and father of the Group CEO, Group COO and Executive Director of the Company. Mr Roland Law first went into the furniture business in 1979 when he started a business specializing in the manufacture of kitchen cabinets and bedroom furniture.

Today, after more than 20 years, Versalink has built a wide customer base that spans more than 40 countries in Africa, Australasia, Asia, Middle East and North America. Its customers include architects, contractors, corporate customers, dealers, designers and OEM customers, both in domestic Malaysia as well as overseas.

Being in the business for more than 20 years, Versalink has been endeavoring to develop, design and produce modern system furniture since its establishment. During the years of operations, the Group had received numerous awards and certifications, which is a testament that Versalink is one of the key players in the Malaysian furniture industry.

In order to maintain its position as one of the leaders in system furniture both in Malaysia and in the world, the Group dedicates its resources to continuous research and development to ensure that its system furniture remain in the forefront of revolutionary design. In addition, the Group devotes its resources to giving back to society by implementing various socially and environmentally responsible practices.

The Group is principally engaged in the design, manufacture and supply of a wide range of system furniture under its "Versalink" brand or on an OEM basis that can be tailored to its customers' specifications.

The Group also supplies ancillary products such as seating models and work tools that it sources from third party manufacturers. Further, the Group is the reseller for various established international third party brand of premium office furniture such as ZÜCO Bürositzmöbel of AG Switzerland and Dauphin Human Design of Germany.

As part of our value-added service to our customers, the Group provides workspace planning and consulting services to customers who require advice on optimizing their usage of space and/or customization of system furniture.

The Group has two business segments, namely Domestic Sales (Malaysia) and Export Sales.

Domestic Sales

The Domestic Sales are derived mainly from project sales by way of tenders, and directly negotiated contracts with contractors who operate in the office renovation and fit-out sector, corporate customers who require renovation and fit-out services for their corporate offices and walk-in customers who place orders at our showrooms. Other Domestic Sales are derived from sales made to distributors, resellers and retailers, and OEM customers.

Export Sales

The Export Sales are primarily to overseas dealers such as furniture importers, distributors and furniture retailers who resell the Group's products to end-users through their respective retail networks and furniture brand owners that purchase from the Group on an OEM basis.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Tay Chuan Hui (Wilson Tay)
Chairman
Independent Non-Executive Director

Law Kian Siong (Matthew Law)
Group Chief Executive Officer /
Executive Director

Law Pei Ling (Arica Walters)
Group Chief Operating Officer /
Executive Director

Law Kian Guan (Adam Law)
Executive Director

Chin Chee Choon
Independent Director

Chow Wen Kwan
Independent Director

AUDIT COMMITTEE

Chin Chee Choon
(Chairman)

Dr Tay Chuan Hui (Wilson Tay)

Chow Wen Kwan

NOMINATING COMMITTEE

Chow Wen Kwan
(Chairman)

Dr Tay Chuan Hui (Wilson Tay)

Chin Chee Choon

Law Pei Ling (Arica Walters)

REMUNERATION COMMITTEE

Dr Tay Chuan Hui (Wilson Tay)
(Chairman)

Chin Chee Choon

Chow Wen Kwan

COMPANY SECRETARY

Seah Kim Swee

REGISTERED OFFICE

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

T: (65) 6533 7600
F: (65) 6594 7855

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095

T: (65) 6533 7600
F: (65) 6594 7811
Audit Partner-in-charge: Pang Hui Ting

PRINCIPAL PLACE OF BUSINESS

Lot 6119 Jalan Haji Salleh
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan
Malaysia

T: (603) 3392 6888
F: (603) 3392 3377

PRINCIPAL BANKER

Malayan Banking Berhad
Suite 2.01 (Level 2)
Intan Millennium Square
68 Jalan Batai Laut 4, Taman Intan
41300 Klang
Selangor Darul Ehsan
Malaysia

United Overseas Bank (Malaysia) Berhad
(Kuala Lumpur Main Branch)
Level 9, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

BOARD OF DIRECTORS

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Chairman
Independent Non-Executive Director

Law Kian Siong (Matthew Law)
Group Chief Executive Officer /
Executive Director

Law Pei Ling (Arica Walters)
Group Chief Operating Officer /
Executive Director

BOARD OF DIRECTORS

Law Kian Guan (Adam Law)
Executive Director

Chin Chee Choon
Independent Director

Chow Wen Kwan
Independent Director

DIRECTORS' PROFILE

Dr Wilson Tay

Independent Non-Executive Chairman

Dr Wilson Tay is currently the Chief Executive Officer and Principal Consultant of Omni View Consulting (M) Sdn Bhd, a strategic human capital and corporate transformation-consulting firm. At the end of 2013, he retired from his position as the Professor of Management and Dean of the Faculty of Business, Communications and Law at INTI International University in Malaysia. He previously worked as the Chief Executive Officer of Malaysian Institute of Management, Vice President and Head of Technopreneur Development Flagship of Multimedia Development Corporation (Malaysia), Chief Executive Officer of TEC Asia Centre Sdn Bhd in Malaysia and was the Director of Corporate Services at the Art Gallery of Western Australia. Having worked in these senior management positions, he is well qualified and experienced in corporate management.

Dr Wilson Tay is qualified as a Chartered Accountant and Chartered Secretary. He is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Australian Society of Certified Practicing Accountants in Australia, Fellow of the Institute of Chartered Secretaries and Administrators in Australia and Fellow of the Institute of Corporate Managers, Secretaries and Administrators Ltd. in Australia. He holds a Bachelor's Degree in Business (Accounting), Graduate Diploma in Business and Administration and Master of Business from Western Australian Institute of Technology in Australia, a Doctorate of Management (with Distinction) from the International Management Centres validated by Southern Cross University in Australia.

Dr Wilson Tay was re-appointed as an Independent Non-Executive Chairman on 27 June 2016.

Matthew Law

Group Chief Executive Officer / Executive Director

Matthew Law joined the Group in January 1994 and is currently the Executive Director and Group Chief Executive Officer of the Group. He was appointed as Chief Executive Officer since 2012 and is responsible for the Group's strategic direction and expansion plans, developing and maintaining relationships with the customers and suppliers as well as overseeing the Group's general operations, in particular, the sales, sales support, marketing, research and development, quality assurance and purchasing departments. He has more than 20 years of experience in the furniture industry and has been instrumental in the establishment and development of the Group's business.

Matthew Law holds a Bachelor's Degree in Business Administration from Camden University of the USA, and is currently the Deputy President of the Kuala Lumpur and Selangor Furniture Industry Association ("KLSFIA") since 2016.

Matthew Law was re-appointed as an Executive Director on 27 June 2016.

Arica Walters

Group Chief Operating Officer / Executive Director

Arica Walters joined the Group in June 1995 and was appointed the Executive Director and Group Chief Operating Officer of the Group in 2014. She was the Deputy Chief Executive Officer since 2012. With over 20 years of experience in the furniture industry, she is responsible for the strategic planning for the business expansion of the Group, overseeing corporate compliance in operational matters as well as overseeing the Group's general operations, in particular, the human resource and administration, finance and accounts, information technology and business development departments.

Arica Walters holds a Diploma in Business Administration, majoring in Marketing, from Singapore Polytechnic and a Bachelor's Degree in Business Studies from Charles Sturt University of Australia.

Arica Walters was re-appointed as Executive Director on 26 June 2015. She will be seeking re-election at the upcoming Annual General Meeting.

DIRECTORS' PROFILE

Adam Law

Executive Director

Adam Law joined the Group in September 2005 and is currently the Executive Director. Adam has more than 10 years of experience in the furniture industry and he is in charge of the production, sales, project and site management aspects of the Group and the technical aspects of the products. He also enforces the Group's procedures and policies and oversees the production, logistic and technical departments.

Adam Law holds a National Technical Certificate Grade 3 in Motor Vehicle Mechanics and a Certificate of Apprenticeship in Automative Technology (Light Vehicles) from the Institute of Technical Education, and a Certificate of Participation (Solid Edge with Synchronous Technology Fundamental Training) from Esolid Solutions Sdn Bhd of Malaysia.

Adam Law was re-appointed as an Executive Director on 26 June 2015.

Chin Chee Choon

Independent Director

Chin Chee Choon is currently the Assurance and Advisory Director at Nexia TS Public Accounting Corporation ("Nexia TS"). He is the engagement director for the statutory audit of companies including companies listed on the Singapore Stock Exchange as well as non-profit organisation. Chee Choon also concurrently heads the Corporate Governance and Risk Advisory Services, and Accounting and Outsourcing Services divisions of Nexia TS. He is also the Lead Independent Director of Choo Chiang Holdings Ltd, a company listed on the Singapore Stock Exchange.

Apart from work, Chee Choon is one of the Board of Governors of Spirit of Enterprise, a non-profit organisation promoting and honoring entrepreneurship among youth in Singapore. He also served as a committee member in the Task Forces and Project Committee of the Singapore Institute of Directors.

Chee Choon is a Public Accountant and a Chartered Accountant of the Institute of Singapore Chartered Accountants, a Fellow Certified Practising Accountant of CPA Australia and a Certified Internal Auditor. He obtained his Post Graduate Diploma from The University of Oxford in 2015 and graduated with a Bachelor of Accounting from University of South Australia.

Chin Chee Choon was re-appointed as an Independent Director on 26 June 2015. He will be seeking re-election at the upcoming Annual General Meeting.

Chow Wen Kwan

Independent Director

Chow Wen Kwan is currently a partner of Bird & Bird ATMD LLP in Singapore. He has more than 15 years of experience in legal practice and his practice focuses on mergers and acquisitions, private equity as well as equity and debt capital markets. He had worked in various international law firms in New York, Hong Kong and Singapore. Chow Wen Kwan graduated with a Bachelor of Laws from the National University of Singapore in 1998 and a Master of Laws from the University of Virginia in 1999. He also holds a certificate in Governance as Leadership from the Harvard Kennedy School. Chow Wen Kwan is qualified to practice in Singapore and New York, USA.

Chow Wen Kwan was re-appointed as an Independent Director on 26 June 2015.

KEY MANAGEMENT

Ong Ying Ling

Group Finance Director

Ong Ying Ling was appointed as Group Finance Director since April 2012. She is responsible for the financial operations of our Group and is currently assisted by Ms Yoon Hooi Eng, our Group Accountant who has 17 years of experience in the accounting and finance fields. In 1988, she started her career as an Audit Senior I at BDO Binder, Certified Public Accountants, in Malaysia. In 1994, she worked as an Audit Senior II at Ernst & Young, Certified Public Accountants, in Malaysia. In 1995, she became the Group Finance Manager at Super Enterprise Holdings Berhad, a company listed on the main market of Bursa Malaysia. In 2003, she worked as the Group Internal Audit Manager of Super Enterprise Holdings Berhad, and became the Group Finance and Administration Manager in 2004.

Ong Ying Ling has completed the following examinations conducted by the Malaysia Association of Certified Public Accountants: Foundation Examination, Professional Examination I and Professional Examination II (Module 5).

Calvin Chang

Sales Director

Calvin Chang Chee Keong joined the Group in March 2017 as Sales Director. He is responsible for the Sales and marketing of system furniture product range of the Group.

Calvin Chang graduated in 1990 in the field of Commercial Art from Malaysian Institute of Art. He started his career in 1986 as a Graphic Designer in the field of publishing with Kanzai Craft Sdn Bhd. In 1995, he joined M-Mart Sdn Bhd as a Project Executive dealing with Electrical Appliances. In 1999, he left and joined Homestead Shop (M) Sdn Bhd as a General Manager, during which he was assigned with the responsibility to venture into various trade including Kitchen Cabinet System. He was offered the position as a Sales and Marketing Manager in 2006 to manage the Group Sales and Marketing Division in Cabinet Industries Sdn Bhd, and became the Sales and Marketing Director in 2010 at Signature International Berhad, leading the Retail Sales Division and the Export Sales Division.

Henry Lim

Production Manager

Henry Lim joined the Group in March 2012 as Production Manager. He is responsible for the overall planning and production operations of our Group.

Henry Lim holds a Bachelor's Degree in Science from Campbell University of the USA. He was awarded a Certificate of Achievement for successfully completing the ISO9000:2000 Auditor/Lead Auditor Programme by the International Register of Certificated Auditors and IATCA Compliant in 2004.

Yoon Hooi Eng

Group Accountant

Yoon Hooi Eng joined the Group in January 2014 and is currently our Group Accountant. She reports directly to our Group Finance Director and has been responsible for the financial accounting and reporting function of the Group's business since she joined. She is also involved in the oversight of the Group's treasury functions as well as the day-to-day accounting and all financial operations of the Group.

She started her career in 1999 as an account and company secretarial assistant at KMK Management Services Sdn Bhd. In 2004, she worked as an Audit Senior at Ng Chin Huan & Associates. In 2007, she worked as a Senior Accounts Executive in GPA Holdings Berhad. In 2009, she worked as an Assistant Accountant at Advance Synergy Berhad.

Yoon Hooi Eng holds a Third Level Group Diploma in Accounting from Systematic College in Malaysia and is a certified Member of the Association of Chartered Certified Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

Len Kwai Keong

Research and Development Manager

Len Kwai Keong joined the Group in February 1994 and is currently the Research and Development Manager. He is responsible for the technical drawings, bills of materials and assisted in the design of new products. He started as an apprentice in the production for 8 years learning on how to make furniture. In 2011, he was transferred to Research and Development Department as a Designer, and was promoted to Research and Development Supervisor in 2012. He continued to work in the Group, and with his more than 20 years of work experience and expertise in furniture industry, he was then promoted to Research and Development Manager in May 2015.

Len Kwai Keong has extensive knowledge and skills in furniture making, and has completed advanced training in Inventor 2008: Advanced Part Modeling, Solid Edge with Synchronous Technology, Autodesk and 3Ds Max.

OUR PHILOSOPHY

We Deliver Solutions

- We believe in delivering furniture of exceptional quality and excellent craftsmanship to meet the needs of our customers.
- We assist our customers in designing an ideal workplace that will facilitate an increase in performance, productivity, foster an environment conducive for innovative brainstorming, and create a sense of well being among the staff.

We Are Customer-Oriented

- We focus in building strong and mutually beneficial long-term relationships with our customers by providing not only the best products to meet their demands but also long-term customer support.

We Are Dedicated to Continuous Improvements

- We strive to continuously better ourselves both in meeting our customers' expectations and setting new standards that will exceed those expectations.
- We continuously focus our efforts in research and development, ensuring that our new range will always be on the cutting edge of ergonomic technology while retaining the comfort, durability and aesthetics that we are well known for.

We Care For Each Other

- We are an equal opportunity employer - we do not discriminate anyone by race, gender or age.
- We value our employees because they are not only the heart and soul of the Versalink family; they are also the foundation for our continuous growth and success.
- We strive to provide a rewarding working environment ripe with opportunities for personal growth and enhancement for our valued staff.

GROUP CORPORATE STRUCTURE

VERSALINK HOLDINGS LIMITED

Investment Holding

MALAYSIA

100%

Jemaramas Jaya Sdn. Bhd.

Manufacture, marketing and sale of system furniture and other furniture related products

100%

Versalink Marketing Sdn. Bhd.

Marketing and sale of system furniture and other furniture related products

100%

Steeltema (M) Sdn. Bhd.

Dormant

100%

Versalink Technology Sdn. Bhd.

Dormant

SINGAPORE

100%

Versalink (S) Pte. Ltd.

Dormant

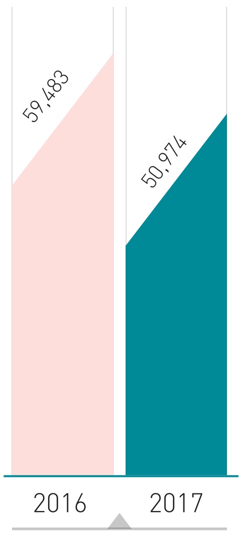
100%

Versalink System Furniture (S) Pte. Ltd.

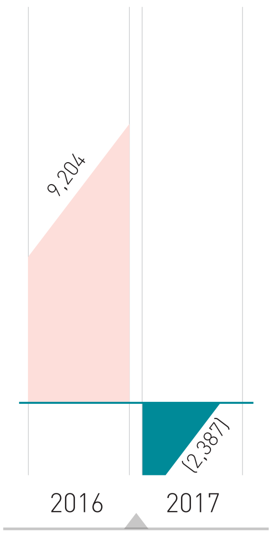
Marketing and sale of system furniture and other furniture related products

GROUP FINANCIAL HIGHLIGHTS

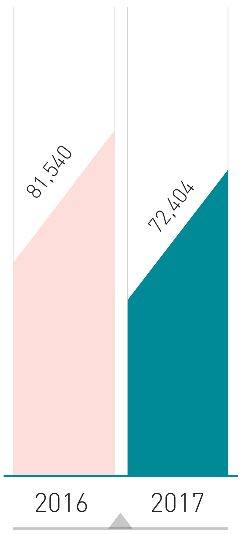
FOR THE YEAR	FY2016 RM'000	FY2017 RM'000
Statement of Profit or Loss and other Comprehensive Income		
Revenue	59,483	**50,974**
Profit /(Loss) Before Tax	9,204	**(2,387)**
Profit/(Loss), Net of Tax	7,322	**(1,903)**
Statement of Financial Position		
Total Assets	81,540	**72,404**
Equity attributable to owners of the Company	68,422	**64,292**
Issued and paid-up capital	62,513	**62,513**
Ratios		
Earnings per Share (Sen)		
- On weighted average number of Ordinary Shares on issue	5.42	**(1.41)**
- On fully diluted basis	5.42	**(1.41)**
Net Assets per Share (Sen)	50.7	**47.6**
Return on Shareholders' Fund (%)	10.7%	**-3.0%**
Gross Dividend per Share - First and Final (Singapore cent)	0.56	**0.00**
Dividend Cover (times)	3.3	**0.0**



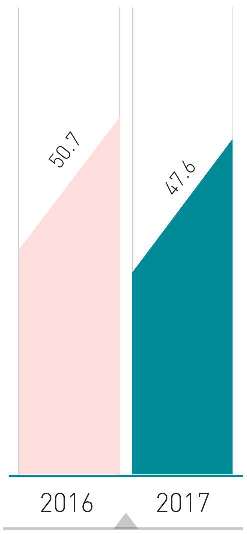
Revenue
(RM '000)



Profit/(Loss) Before Tax
(RM '000)



Total Assets
(RM '000)



Net Assets per Share
(Sen)

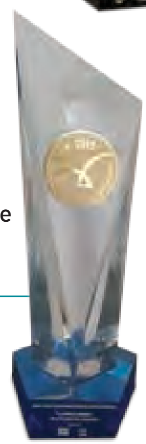
AWARDS
AND CERTIFICATIONS

28th International Trophy for Quality
(New Millennium Award),
Madrid 2000, Spain

Enterprise
50 Award 2001

Enterprise
50 Award 2002

Golden Eagle Award 2014
Top 10 Excellent Eagle



MIFF 2015 Furniture Excellence
Platinum Award,
Office Furniture Category

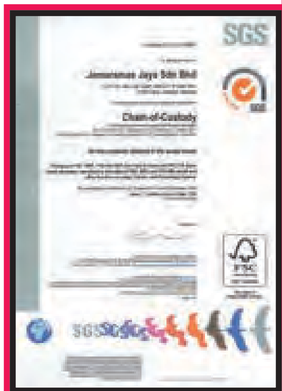
MIFF 2016 Furniture Excellence
Platinum Award,
Office Furniture Category

A'DESIGN AWARD
WINNER

"Winner in Furniture, Decorative Items and Homeware Design Category, 2014-2015"

AWARDS AND CERTIFICATIONS

FSC Chain-of-Custody Certification
FSC-STD-40-004 V2-0 –
SGS South Africa (Pty) Ltd.



ISO 14001:2004 Environmental Management System
For Manufacture of Office System Furniture

PEFC Certificate for Chain-of-Custody of Forest Based Products - Requirements

Golden Eagle Award 2014
– Malaysian 100 Excellent Enterprises

Industry Excellence Award 2005
- Export Category

ISO 9001:2008 Quality Management System
For Manufacture of Office System Furniture

The Ideation Award 2011, The Best Prototype Maker

ANSI/BIFMA Certifications
ANSI/BIFMA X5.6-2010 "Panel System"
ANSI/BIFMA X5.5-2008 "Desk/Table Products"

UL GREENGUARD Certifications
Products certified with UL GREENGUARD for low chemical emissions

BSI Certifications
British Standards 476: Part 6 1989 + A1: 2009 for fire propagation

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Versalink Holdings Limited ("Versalink" or the "Company") it is my pleasure to present to you the Annual Report and the Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 28 February 2017.

CHAIRMAN'S STATEMENT

The financial year under review was yet another challenging year with the market being affected by the downturn and sluggishness in both the global and local economy. As a result of this continued downturn during the year, the Group incurred a loss before tax of RM2.4 million in FY2017 compared to a profit before tax of RM9.2 million achieved in FY2016.

For FY2017, the Group registered a revenue of RM50.9 million compared to RM59.4 million in the previous financial year, representing a decrease of RM8.5 million in revenue as follow:

Export Segment

The Export segment recorded a lower revenue of 18.9% at approximately RM30.0 million compared to RM37.0 million in the previous financial year. The current global economic conditions point to a prolonged weak external demand owing to the oil glut being the source of economic slowdown. Overall, the global economic conditions will likely continue to be challenging and the pace of expansion in the advanced economies is expected to remain modest in the major and regional economies.

Domestic Segment

The Domestic segment also recorded a lower revenue of RM20.9 million which represents a 6.7% decrease over its revenue of RM22.4 million in the previous financial year. The slower growth in domestic demand was attributed to the slowdown in private expenditures both for investment and consumption. The slowdown in private investment is more permanent mostly due to weaken investment flow globally while businesses and households continue to adjust to the more challenging operating local conditions and higher cost of living. These adjustment are expected to have modest impact in domestic demand and sales.

CHAIRMAN'S STATEMENT

CORPORATE AND PRODUCT DEVELOPMENTS

The corporate development includes a venture into new business territory by the proposed acquisition of 51% shareholdings in Alca Vstyle Sdn Bhd, a trading company involved in selling all kinds of high pressure laminate and related products. The Group believe it will provide a growth opportunity to expand its customer base.

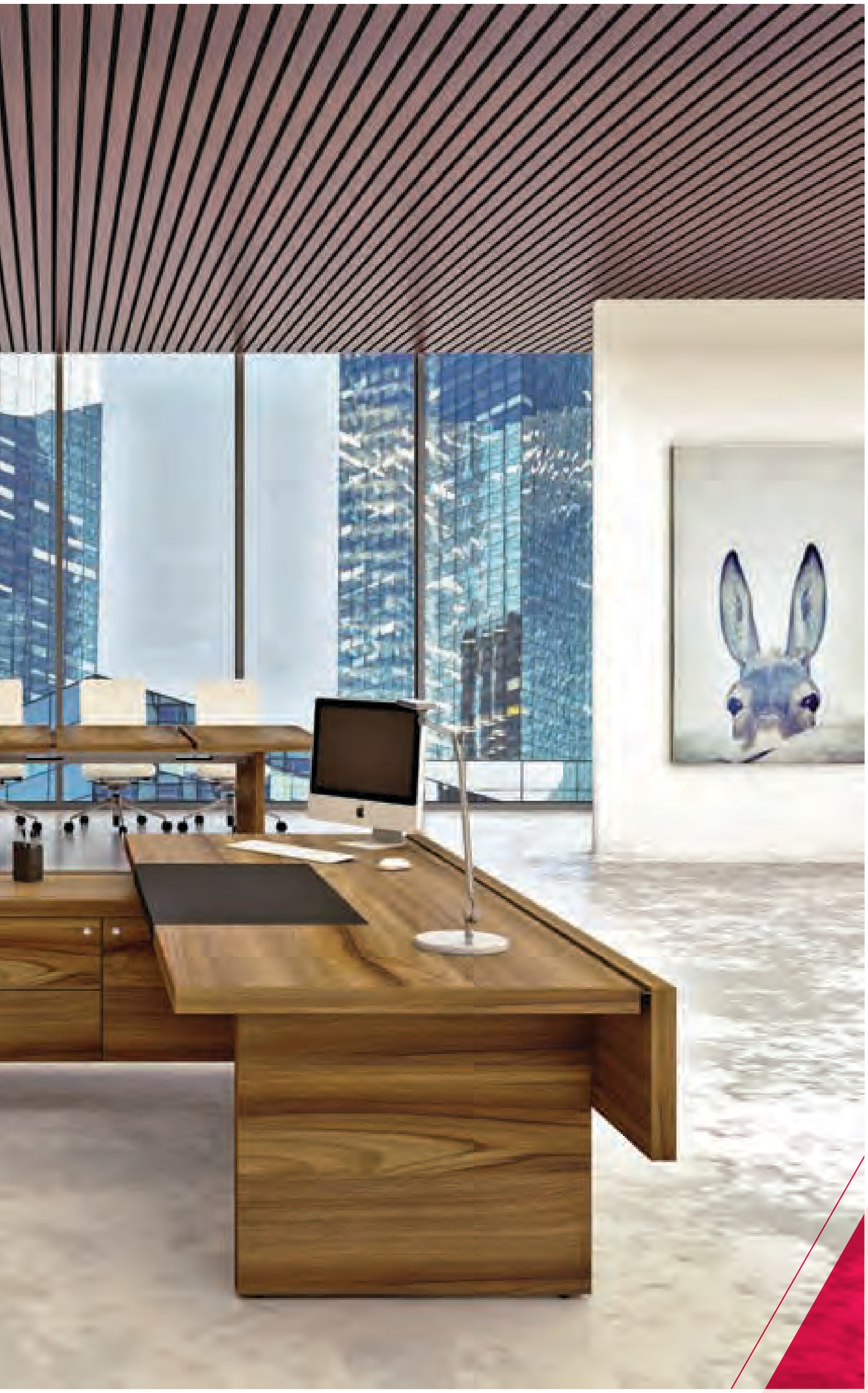
In October 2016, the Group has also launched its new brand, _Ad Maiora at the ORGATEC in Cologne, Germany. The new premium product range were designed by the world-renowned and award winning Architect, DriussoAssociati from Italy. ORGATEC is an international trade fair that has more than 600 exhibitors from 40 countries which attracted more than 50,000 visitors from 118 countries, who visited this fair for new perspectives, inspiring concepts and market leading solutions for working environment.

The Group expects these initiatives to deliver long-term results and maximizing shareholders' wealth.

DIVIDEND STATEMENT

On the basis of the sustained earnings performance and after taking into consideration the challenging economic condition, the Board of Directors do not recommend dividend for this financial year.

CHAIRMAN'S STATEMENT



OUTLOOKS AND PROSPECTS

The prospects for the Group remains positive yet challenging with the ever increasing competition and volatility in the current local and overseas environment. The global economy growth is expected to remain moderate at 3.4% according to the International Monetary Fund's latest World Economic Outlook in January 2017, while Malaysia's growth prospects remain subdued with slowdown in government expenditure and overall capital formation. The weaker ringgit resulting in an increase in the debt servicing costs for the private sector would also likely dampen private consumption expenditure.

With this in mind, the Group is positioning itself to be more competitive via the investment in new machines and embracing both in new technology and innovative products to increase its capacity and widen its market reach.

We will continue to emphasize proactive measures in strengthening the business units to put us in better footing in facing the challenges, and continue to look for new business prospects and growth through acquisition other than organic growth.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to extend our sincere thanks to our customers, suppliers, principals, business associates, financiers, and government authorities for their assistance and continued support towards the Group.

The Board is confident that the Group will continue to strive for improvement. The concerted efforts has been due to the people at Versalink for their unwavering support that we have received from our dedicated management team and staff, partners and all stakeholders.

Finally, we would like to express our sincere gratitude to our valued shareholders for their continuous support and confidence in Versalink, not forgetting also my heartfelt appreciation to my fellow Board members for their commitment and contribution to the development and well-being of the Group.

Dr Wilson Tay Chuan Hui
Independent Non-Executive Chairman

CORPORATE SOCIAL RESPONSIBILITY

We recognize that for long-term sustainability, we need to look beyond the financial parameters and strike a balance between business profitability and corporate social responsibility. We have taken various steps to play our part in contributing to the welfare of the society and communities in the environment we operate in. Hence, we support important causes such as environmental preservation, donation to the needy, and community services.

Some of our initiatives include:

Giving back to the community

We regularly support various services and activities within our community. We have made donations and provided sponsorships to, amongst others, schools, orphanages and old folks homes. Further, we are also involved in annual community services projects at various charitable organizations.

Environmental preservation

We are committed to the responsible use and protection of the natural environment through conservation and sustainable practices. We strive to reduce the environmental impact of our manufacturing operations by substituting raw materials with environmentally friendly alternatives. Besides adopting environmentally friendly internal guidelines on electricity, water, power and paper conservation, we also issue periodic internal newsletters that feature articles on environmental preservation.

We have established committee dedicated to environment and sustainability governance such as ISO14000, Greenguard, FSC Chain-of-Custody and PEFC.

Occupational Safety and Health

Versalink's approach to managing safety and health at work place is driven by a core belief in being a responsible business. Our senior management and managers are responsible for continuing to reduce risk and improving our performance in these areas. A committee has also been set up to monitor the compliance of the safety and health standards with regular structured interactions with the management team. Maintaining a strong focus on safety, health and hazards that could result in serious injuries or fatalities continues to be key for us.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Versalink Holdings Limited (the "Company") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group to protect the interests of the shareholders of the Company and to maximize long-term shareholders' value.

This report (this "Report") describes the Group's corporate governance structures and practices currently in place with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") and, where applicable, the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual: Section B Rules of Catalist (the "Catalist Rules").

The Board is pleased to confirm that for the financial year ended 28 February 2017, the Group has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanation have been provided.

A. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board is responsible for overall corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company. The Board supervises the Management on the businesses and affairs of the Company. The main roles of the Board, apart from its statutory responsibilities, are to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues in the formulation of its strategies.

To assist the execution of its responsibilities, the Board has formed three (3) committees: (i) Audit Committee ("AC"); (ii) Nominating Committee ("NC"); and (iii) Remuneration Committee ("RC") (collectively referred herein as the "Board Committees"). The Board Committees were formed at the time of our listing on the SGX-ST and are chaired by Independent Directors. The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The Executive Directors also supervise the management of the business and affairs of the Company, and in order to ensure that the Group's operations are not disrupted, the meetings of the Board and the Board Committees are scheduled prior to the start of each financial year. Ad-hoc meetings are also convened when circumstances require, and/or resolutions in writing of the Board are circulated for matters that require the Board's approval. The Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during the financial year ended 28 February ("FY") 2017 are as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Dr Wilson Tay	2	2	2	2	1	1	1	1
Matthew Law	2	2	2	2*	1	1*	1	1*
Arica Walters	2	2	2	2*	1	1	1	1*
Adam Law	2	2	2	2*	1	1*	1	1*
Chin Chee Choon	2	2	2	2	1	1	1	1
Chow Wen Kwan	2	2	2	2	1	1	1	1

* By invitation

The Company has adopted internal guidelines on the following matters that are reserved for Board's decision and/or approval:

a) overall business strategies;

b) corporate governance and compliance;

c) financial performance and result announcements;

d) audited results and annual reports;

e) annual budgets, investment and divestment proposals;

f) material acquisition and disposal of assets;

g) internal controls and risks management;

h) declaration of interim dividends and proposed final dividends; and

i) all matters, which are delegated to Board Committees, are to be reported to and monitored by the Board.

The Company has in place orientation programs for newly appointed Directors to familiarize with the Group's operations, business issues and the relevant regulations and governance requirements. Upon appointment, each Directors was provided with a formal letter of appointment setting out their duties, obligations and terms of appointments. For FY2017, there was no new director appointed to the Board.

The Directors are updated on pertinent developments in the Group's business, including changes in laws and regulations, financial reporting standards and industry-related matters. Directors are encouraged to attend seminars and participate in training courses to enable them to perform effectively as Directors. Seminar announcements are communicated to them regularly. The Company will arrange and will bear the cost of such training for the Directors.

The Company Secretary will attend all Board and Board Committee meetings. He is responsible for ensuring that procedures are followed and that the Company has complied with the requirements of the Companies Act and all other rules and regulations that are applicable to the Company. The Directors have independent access to the Company Secretary at all times.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Annual Report, the Board comprises three (3) Executive Directors and three (3) Independent Directors and their membership on the Board Committees are as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr Wilson Tay	Non-Executive Chairman & Independent Director	Member	Member	Chairman
Matthew Law	Executive Director & Group Chief Executive Officer	–	–	–
Arica Walters	Executive Director & Group Chief Operating Officer	–	Member	–
Adam Law	Executive Director	–	–	–
Chin Chee Choon	Independent Director	Chairman	Member	Member
Chow Wen Kwan	Independent Director	Member	Chairman	Member

The Board considers an Independent Director as one who has no relationship with the Company, the related companies, its ten per cent (10%) shareholders or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent judgment of the conduct of the Group's affairs. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code. Each Director is required to disclose to the Board any relationships or circumstances as and when they arise, which are likely to affect, or could appear to affect the Director's judgment.

The NC has reviewed and has identified each of the Company's Independent Directors to be independent. As half of the Board is made up of Independent Directors, the NC believes the Board shall be able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominate any decision making process. The NC is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience, who as a group, provides core competencies necessary to meet the Group's objectives. For details on the experiences and responsibilities of the Directors, please refer to their profiles set out in pages 06 and 07 of this Annual Report.

None of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment.

The Board has three (3) non-executive Directors (all of whom are independent Directors) who endeavour to constructively challenge and help develop proposals on strategy and to review the performance of management in meeting goals and objectives. During the year, the non-executive Directors communicated among themselves without the presence of management as and when the occasions warrant. The Company also co-ordinates informal sessions for non-executive Directors to meet on a need-basis without the presence of the management.

Chairman and Group Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Dr Wilson Tay is the Non-Executive Chairman and Independent Director and Mr Matthew Law is the Group Chief Executive Officer. There is a clear division of responsibilities between the Non-Executive Chairman and the Group Chief Executive Officer, which provides a balance of power and authority.

The Non-Executive Chairman sets the tone for the conduct of the Board and ensures the Group adhere to best corporate governance practices as prescribed by the Code. He leads the Board to ensure its effectiveness on all aspects of its role, ensures that the Board holds regular meetings and ensures the timeliness and quality of information flow between the Board and the Management. He also encourages constructive relations within the Board and between the Board and Management.

The Group Chief Executive Officer is responsible for the business and operational decisions of the Group. He is also responsible for the day-to-day operations of the Group and implementations of the Board's decisions.

The balance of power and authority is further enhanced by the Board Committees which are all chaired by Independent Directors.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee ("NC") is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. Our NC comprises the Company's three (3) Independent Directors, Chow Wen Kwan, Dr Wilson Tay, Chin Chee Choon and Arica Walters. The Chairman of the NC is Chow Wen Kwan.

The NC is authorized by the Board to:

a) to make recommendations to the Board on the appointment and re-appointment of Directors (including Alternate Directors, if applicable).
b) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
c) to determine the process for the search, nomination, selection and appointment of new Board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent.
d) to review Board succession plans for Directors, in particular, the Chairman and Group Chief Executive Officer.
e) to develop a process for the evaluation of performance of the Board, its Board committees and Directors.
f) to determine how the Board's performance may be evaluated and propose objective performance criteria.
g) to assess the effectiveness of the Board as a whole and its Board committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board.
h) to review training and professional development programs for the Board.
i) to determine, on an annual basis, if a Director is independent.
j) to make recommendations to the Board for the continuation (or not) in the services of any Director who has reached the age of seventy (70) years, where appropriate.

k) to recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election.

   All Directors are required to submit themselves for nomination and re-election at regular intervals and at least once every three (3) years. Directors appointed as an additional Director or to fill any casual vacancy shall hold office only until the next Annual General Meeting ("AGM") and shall be eligible for re-election.

l) to review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of Board representations on listed companies and other principal commitments.

m) such other duties or functions as may be delegated by the Board or required by regulatory authorities.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

The NC considers and recommends to the Board the appropriate structure, size and needs of the Board, with regard to the appropriate skills mix, personal qualities and experience required for the effective performance of the Board. The NC also recommends all appointments and retirements of Directors and considers candidates to fill new positions created by expansion or vacancies that occur by resignation, retirement or for any other reasons.

Candidates are selected based on their character, judgment, business experience and acumen. Where a Director has multiple board representations, the NC will evaluate if a Director is able to and has been adequately carrying out his or her duties as Director of the Company. Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. The NC has determined that each of the Independent Directors should not hold more than six (6) listed company board representations and other principal commitments.

The Company's Constitution provides that at each AGM of the Company, not less than one third of the Directors (who have been longest in office since their appointment or re-election) are to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM.

In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:

Pursuant to Article 114 of the Constitution of the Company:

(i) Arica Walters

(ii) Chin Chee Choon

Mrs Arica Walters and Mr Chin Chee Choon, being members of the NC, have abstained from deliberation in respect of their own respective nomination and assessment.

The NC has reviewed the independence of the Board members and is of the opinion that Dr Wilson Tay, Mr Chin Chee Choon and Mr Chow Wen Kwan are independent. Each of these Directors has also declared that they are independent.

Key information regarding the Directors is set out in pages 06 and 07 of this Annual Report.

Currently, the Company does not have any alternate Director on the Board.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The NC has assessed the performance and effectiveness of the Board as a whole and the Board Committees on an annual basis. The evaluation of the Board performance is based on objective performance criteria which include attainment of agreed targets, performance of the Board, attendance and contribution of each Director during Board meetings.

In evaluating the Board performance, assessment is conducted by the NC at least once a year by way of a Board Assessment Checklist where all the Directors are to complete the checklist on the effectiveness level of various aspects of Board performance, such as Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control and communicating with shareholders. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The NC, having reviewed the overall performance of the Board and the Board Committees' performance to-date in terms of its roles and responsibilities and the conduct of its affairs as a whole is of the view that the performance of the Board and each individual Director has been satisfactory.

The NC has determined that given the number of Directors of the Company, size of the Board, the background, expertise and the participation in the Board meetings of the Company, it is not necessary to evaluate the individual performance of each Director.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where necessary, the NC will consider such engagement.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company recognizes the importance of continual dissemination of relevant information that is explicit, accurate, timely and vital to the Directors in carrying out their duties. As such, the Directors requires the Management to provide half-yearly reports to the Board on the financial statement for their review, and allowing the Directors to have the awareness of the Group's financial position. The Board has also been given detailed information concerning the Group's business operations periodically.

In exercising their duties, the Directors have unrestricted access to the Company's Management, Company Secretary and Independent Auditors. The attendance of the Company Secretary and Sponsor at all the meetings held by the Board and/or the Board Committees ensures that procedures for these meetings (including those stipulated in the Constitution) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act, Chapter 50 and the Singapore Exchange Securities Trading Limited, are complied with.

The appointment and removal of the Company Secretary are subject to the approval of the Board. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises the Company's three (3) Independent Directors, Dr Wilson Tay, Chin Chee Choon and Chow Wen Kwan. The Chairman of the RC is Dr Wilson Tay.

The RC is authorized by the Board to:

(a) review and recommend to the Board a general framework of remuneration for the Board and key management personnel and to review and recommend to the Board the specific remuneration packages and terms of employment for each Director, key management personnel of the Group and employees related to Directors or, controlling shareholders of the Group.

(b) review whether the Executive Directors and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

(c) administer the performance based Bonus scheme and any other share option scheme or share plan established from time to time for the Directors and key management personnel.

(d) carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors.

(e) consider the disclosure requirements for Directors' and key management personnel's remuneration as required by the SGX-ST and according to the Code.

The Company has engaged the service of an independent remuneration consultants, Messrs MIS & Associates Sdn Bhd to study and review the remuneration packages of the Executive Directors and Executive Officers during FY2017. Messrs MIS & Associates Sdn Bhd does not have any relationship with the Company. In respect of fees for Directors, approval of shareholders is required at each Annual General Meeting of the Company.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC carries out annual reviews of the remuneration packages of the Board and the key management personnel. In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors of experience and good standing.

Our Executive Directors have entered into service agreements with the Company, which was last renewed in August 2016 and are for a period of two (2) years, subject to renewal subsequently. The Company may also at any time forthwith terminate the Service Agreements of the Executive Directors if he or she, inter alia, be guilty of any dishonesty, gross misconduct or willful neglect of duty or commit any continued material breach of the provisions of his/her respective Service Agreement, becomes bankrupt or persistently refuses to carry out any reasonable lawful order given to him/her in the course of his/her employment or persistently fails diligently to attend his/her duties.

Pursuant to their respective Service Agreements, Matthew Law, Arica Walters and Adam Law are entitled to a fixed monthly salary and an annual wage supplement of two (2) month's basic salary, to be pro-rated accordingly if the period of employment of the Executive Director for the relevant financial year is shorter than six (6) calendar months.

In addition, Matthew Law and Arica Walters are also entitled to a performance bonus (the "Performance Bonus") in respect of each financial year commencing from and including FY2016, which is calculated based on the consolidated net profit before tax ("NPBT") and exceptional items of our Group, before taking into account the Performance Bonus as follows:

NPBT	**Performance Bonus**
RM15 million ≤ NPBT ≤ RM30 million	0.8% of the amount of the NPBT in excess of RM15 million and subject to a cap of RM120,000.00
RM30 million < NPBT ≤ RM40 million	RM120,000.00 plus 0.5% of the amount of NPBT in excess of RM30 million and subject to an aggregate cap of RM170,000.00
NPBT > RM40 million	RM170,000.00 plus 0.3% of the amount of NPBT in excess of RM40 million

The long-term incentive schemes of the Company are the Versalink Performance Share Plan ("the Plan") and Versalink Employee Share Option Scheme ("the Scheme"). The RC is responsible for the administration of the Scheme and the Plan in accordance with the rules of both schemes.

No awards were granted during FY2017 under the Scheme and the Plan.

The Independent Directors receive Directors' fees, and the Non-Executive Chairman receive chairman's fee and attendance fee, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The RC ensures that the Independent Directors are not overly compensated to the extent their independence may be compromised. No Director is involved in deciding his or her own remuneration package.

The Company does not intend to use contractual provisions to allow it to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The various components of the remuneration of Directors and key management personnel of the Group for FY2017 in percentage are disclosed below. The remuneration received by Directors and key management personnel for FY2017 in each case are below S$250,000. The Company has not fully disclosed the remuneration of its Directors and key management personnel as the Board is of the view that it is not in the interests of the Company to disclose such details due to the sensitive nature of such information. Disclosure of remuneration in bands for services rendered during the financial year ended 28 February 2017 are as follows:

Name of Director	Salary	Bonus	Directors' Fees	Allowances & Other Benefits	Total Remuneration
	%	%	%	%	%
Up to S$250,000					
Matthew Law	89	–	–	11	100
Arica Walters	88	–	–	12	100
Adam Law	88	–	–	12	100
Dr Wilson Tay	–	–	100	–	100
Chin Chee Choon	–	–	100	–	100
Chow Wen Kwan	–	–	100	–	100
Name of Key management personnel	**Salary**	**Bonus**	**Fees**	**Allowances & Other Benefits**	**Total Remuneration**
	%	%	%	%	%
Up to S$250,000					
Ong Ying Ling	85	–	–	15	100
Yoon Hooi Eng	88	–	–	12	100
Lim Kok Hean	85	–	–	15	100
Leong Yap Siong	85	–	–	15	100
Len Kwai Keong	72	–	–	28	100

The remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2017 are as follows:-

Remuneration Band and Name of Employee	Relationship
From S$100,000–S$150,000	
Law Boon Seng	Father of Matthew Law, Arica Walters and Adam Law
Lee Yuet Chin	Spouse of Law Boon Seng

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices. The remuneration of employees related to the Directors and Substantial Shareholders of the Company will also be reviewed annually by the RC.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

One of the Board's principal duties is to promote and protect the long-term value and returns to the Shareholders, and accepts that it is accountable to the shareholders and adopts best practices to maintain shareholders' confidence and trust. Currently, the Company is required to release half-yearly and full year results announcements pursuant to the SGX-ST Listing Manual.

The announcements are released via SGXNET within the respective periods stipulated in the SGX-ST Listing Manual after review by the Board. In presenting half-yearly and full year financial statements, the Board strives to provide the shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, financial position and prospects.

In accordance with Rule 705(5) of the Catalist Rules, during FY2017, the Board issued negative assurance statement in its interim financial results announcements confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' investments and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk of the Group and maintains a system of internal controls and risk management to safeguard shareholders' interests and the Group's assets.

The Audit Committee ("AC"), through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of internal controls and risk management, including financial, operational and compliance and information technology controls and to risk management policies and systems established by the Management. In assessing the effectiveness of internal controls, the AC ensures that the key objectives are met, material assets are safeguard and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no system or internal control provide absolute assurance against the occurrence of material financial misstatement or losses, poor judgment in decision-making, human errors, fraud or other irregularities.

For FY2017, the Board and the AC have obtained assurances from the Group Chief Executive Officer and Group Finance Director for the following:-

(i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

(ii) that the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and IT risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, risk management reports, assurance from the Group Chief Executive Officer and Group Finance Director and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective in addressing financial, operational, compliance and information technology risks of the Company as at 28 February 2017.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises the Company's three (3) Independent Directors, Chin Chee Choon, Dr Wilson Tay and Chow Wen Kwan. The Chairman of the AC is Chin Chee Choon.

The AC members possess many years of experience in accounting, legal, business and financial management. The Board considers that the AC members are appropriately qualified to discharge the responsibilities of the AC.

The role of the AC is to assist the Board with discharging its responsibility to:

(a) safeguard the Group's assets;

(b) maintain adequate accounting records;

(c) develop and maintain effective systems of internal controls and risk management;

(d) ensure integrity of financial statements;

(e) provide arrangements whereby concerns on financial improprieties or, other matters raised by 'whistle-blowers' are investigated and appropriate follow up action taken.

The AC meets at least twice a year:

(a) to review significant financial reporting issues and judgments to ensure integrity of the financial statements of the Company; and any announcements relating to the Company's financial performance.

(b) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies (such review can be carried out internally or with the assistance of any competent third parties).

(c) to review at least annually the adequacy and effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience.

(d) to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

(e) to review the internal audit program and ensure co-ordination between the internal and external auditors and Management.

(f) to review the scope and results of the internal audit procedures.

(g) to review the scope and results of the external audit, and the independence and objectivity of the external auditors.

(h) to approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced.

(i) to make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

(j) to ensure co-ordination where more than one (1) auditing firm or corporation is involved.

(k) review with the internal and external auditors:

  (i) their audit plan, including the nature and scope of the audit before the audit commences;
  (ii) their evaluation of the system of internal controls;
  (iii) their audit report; and
  (iv) their management letters and Management's responses.

(l) to review interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual on a half-yearly basis.

(m) to review the half-yearly and full year financial statements of the Company before submission to the Board for approval, focusing in particular, on:

- (i) changes in accounting policies and practices;
- (ii) major risk areas;
- (iii) significant adjustments resulting from the audit;
- (iv) the going concern statement;
- (v) compliance with accounting standards;
- (vi) compliance with stock exchange and statutory/regulatory requirements.

(n) to review the audited financial statements of the Company and the consolidated balance sheet and profit & loss account, before approval by the Board.

(o) to discuss problems and concerns, if any, arising from half-yearly and/or full year audits, in consultation with the internal and external auditors, where necessary.

(p) to meet with the external and internal auditors without the presence of Management, at least annually, to discuss any problems or concerns they may have.

(q) to ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management.

(r) to review the assistance given by Management to the internal and external auditors.

(s) to review annually the independence of the external auditors, the aggregate amount of fees paid to the external auditors for the financial year and the breakdown of the fees paid in total for audit and non-audit services respectively.

(t) to review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response.

(u) to review the policy and arrangements by which staff of the Company or of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Company's whistle-blowing program.

(v) to investigate any matter within the Terms of Reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly.

(w) to report to the Board its findings from time to time on matters arising and requiring the attention of the Committee.

(x) to undertake such other reviews and projects as may be requested by the Board.

(y) to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. The AC has full access to the Management and also full discretion to invite any Director or key management personnel to attend its meetings, and will be given resources to enable it to discharge this function.

The AC has met with the external auditors and internal auditors without the presence of the Company's Management at least once a year.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, RSM Chio Lim LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of RSM Chio Lim LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Details of the aggregate amount of audit and non-audit services paid or payable to the external auditors during the financial year ended 28 February 2017 are disclosed in Note 6 set out on page 65 of the Annual Report.

Whistle-blowing Policy

To encourage proper work ethics and deter any wrongdoing within the Group, the Group has established a whistle-blowing policy that stipulates the mechanism by which concerns about such plausible improprieties may be raised. To provide a channel for both employees and external parties to raise concerns and issues in good faith on possible corruption, suspected fraud and other non-compliance issues, a dedicated email address allows whistle blowers to contact the AC directly.

The AC will address the issues or concerns raised and ensure that necessary arrangements are in place for independent investigation of issues raised by the employees or external parties and also appropriate follow-up actions based on the results of the investigation. Where appropriate or required, a report shall be made to the relevant authorities for further investigation or action.

Information received pertaining to whistle-blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistle-blowers.

In addition, no former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Board recognizes its responsibilities for maintaining a sound system of risk management and internal control processes to safeguard shareholders' investments and the Group's assets and business.

The Company has established an internal audit function that is independent of the activities it audits. As recommended by the Audit Committee ("AC"), the Company has outsourced the internal audit function to an independent corporation, NGL Tricor Governance Sdn Bhd ("NGL Tricor"). The internal auditors report functionally to the Chairman of AC and administratively to the Group Chief Operating Officer. A risk-based internal audit plan was approved by the AC and the results of the audit findings were submitted to the AC for its review. The internal audit function primarily focuses on assessing whether the current system of risk management and internal control provides reasonable assurance on:

1. compliance with applicable laws, regulations, policy and procedures;
2. reliability and integrity of information; and
3. safeguarding of assets.

During the financial year ended 28 February 2017, NGL Tricor reviewed key internal controls in selected areas based on a risk-based internal audit plan and reported its findings together with recommendations on areas for improvement for the AC's attention, so as to improve the adequacy and effectiveness of internal controls. The AC is satisfied that the Group's outsourced internal audit function is adequately resourced and has appropriate standing within the Group. The AC is also satisfied that the internal auditors carry out its function in accordance with the International Professional Practices Framework for Internal Auditing from the Institute of Internal Auditors.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Singapore Companies Act, Chapter 50, the Board's policy is that all shareholders should be regularly informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company endeavors to maintain constant and effective communication with Shareholders through timely and comprehensive announcements in order to maintain a high standard of transparency and to promote better investor communications.

Information is communicated to shareholders on a timely basis through:

- The Annual Report, containing the full financial statements of the Company and the Group;
- Notices of Annual General Meeting/Extraordinary General Meeting ("AGM/EGM");
- Press release on major developments of the Company;
- SGXNET announcements;
- The Company's website at www.versalink.com where shareholders can access information on the Company. The website provides, inter alia, corporate announcements, press releases, annual reports and profiles of the Company.

The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the SGX-ST Listing Manual. However, in the event that unpublished material information is inadvertently disclosed to any selected person in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET to disclose and/or address such material information.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

(a) the level of our cash and retained earnings;

(b) our actual and projected financial performance;

(c) our projected levels of capital expenditure and other investment plans;

(d) our working capital requirements and general financing condition;

(e) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and

(f) the general economic and business conditions in countries in which we operate.

Having considered the challenging business environment which the Group operates and the projected funding required for projects undertaken by the Group, the Board has decided not to recommend a dividend for FY2017.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Annual General Meeting ("AGM") of the Company is a principal forum for dialogue and interaction with all shareholders. Shareholders are encouraged to attend the AGM. This allows shareholders the opportunity to communicate their views on various matters affecting the Company and to stay informed of the Company's strategy and goals. To facilitate Shareholders' effective participation at general meetings, the Company holds its general meetings at venues which are convenient and accessible to Shareholders. The Chairman of the Audit Committee, Remuneration Committee and Nominating Committee and external auditors are normally present at the meeting to address relevant questions. Shareholders are also given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group.

Information on general meetings is disseminated through notices in the annual report or circulars sent to all shareholders. Notices of general meetings are also released via SGXNET and published in the local newspapers, as well as posted on the Company's website.

The Company Secretary prepares minutes of the general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. These minutes would be made available to shareholders upon request.

The Company maintains separate resolutions at general meetings on each substantially separate issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

Resolutions are put to vote by poll and the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution.

DEALINGS IN SECURITIES

The Company has adopted a policy whereby its Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing one (1) month before the announcement of the Company's half-yearly and full-year results and ending on the date of the announcement of the relevant results. The Directors and officers are to refrain from dealing in the Company's securities on short-term considerations.

The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and employees are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

In view of the processes in place, in the opinion of the Directors, the Company has complied with Rule 1204(19) of the Catalist Rules on dealings in securities.

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length commercial terms basis. Any Director who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a) of the Catalist Rules.

However, pursuant to Rule 905 of the Catalist Rules, the aggregate value of interested person transactions entered into during FY2017 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
BSL Venture Sdn Bhd - Factory building lease expense	S$76,006.00	NIL

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

Save for the material contracts previously disclosed in the Offer Document and in the Company's announcements, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, Group Chief Executive Officer or controlling shareholder, either still subsisting as at the end of financial year or if not then subsisting or entered into since the end of the previous financial year.

NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

There are no non-sponsor fees paid to the Sponsor for the financial year ended 28 February 2017.

USE OF IPO PROCEEDS

Rule 1204(22) of the Catalist Rules

As at the date of this Report, the net IPO proceeds of S$7,500,000 (after deduction of IPO expenses of approximately S$5,227,000 have been utilized). The use of the net IPO proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the Offer Document.

Intended Usage in accordance with the Offer Document	Allocation	Amount Utilised	Amount Unutilised
	S$'000	**S$'000**	**S$'000**
Acquisition of new machinery and setting up of new production facilities	3,765	1,437	2,328
Marketing, advertising and promotional activities	750	750	–
Working capital [1] and general corporate activities	1,385	1,385	–
IPO expenses	1,600	1,655	(55)
Total	**7,500**	**5,227**	**2,273**

Note:

[1] The amount deployed for general working capital includes the purchase of inventories and operating expenses.

Statement by Directors and Financial Statements

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 28 February 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Dr Tay Chuan Hui

Law Kian Siong

Law Pei Ling

Law Kian Guan

Chin Chee Choon

Chow Wen Kwan

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year had no interest in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and company in which interests are held	At beginning of the reporting year	At end of the reporting year
	Direct interest	
The company – Versalink Holdings Limited	Number of shares of no par value	
Dr Tay Chuan Hui	100,000	100,000
Law Kian Siong	15,464,000	15,464,000
Law Pei Ling	15,464,000	15,464,000
Law Kian Guan	15,464,000	15,464,000

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of director and company in which interests are held	Shareholding in which directors are deemed to have an interest: At beginning of the reporting year	At end of the reporting year
The company – Versalink Holdings Limited	Number of shares of no par value	
Law Pei Ling	278,000	278,000

The directors' interests as at 21 March 2017 were the same as those at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. EMPLOYEE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

Employee Share Option Scheme ("ESOS")

The ESOS was approved pursuant to a resolution passed by the shareholders on 18 August 2014.

The ESOS is administered by the remuneration committee whose members are:

Dr Tay Chuan Hui – Chairman of the remuneration committee, non-executive chairman and independent director

Chin Chee Choon – Independent director

Chow Wen Kwan – Independent director

Subject to the absolute discretion of the remuneration committee, options may be granted to the following groups of participants under the ESOS:

- Group employees; and
- Group directors (including group executive directors, group non-executive directors and independent directors)

5. EMPLOYEE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN (CONT'D)

Employee Share Option Scheme ("ESOS") (cont'd)

Controlling shareholders and their associates of a controlling shareholder who meet the eligibility criteria are eligible to participate in the ESOS provided that (a) the participation of; and (b) the terms of any options to be granted and the actual number of shares granted under the ESOS to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in separate resolutions for each such person.

Offers for the grant of options may be made at any time at the discretion of the remuneration committee, in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Catalist Listing Manual. Options which are fixed at the market price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the market price may only be exercised after the second anniversary from the date of grant of the option. The ESOS shall continue in operation for a maximum of 10 years commencing on the date on which the ESOS is adopted by the company in general meeting.

Performance Share Plan ("PSP")

The group operates a Performance Share Plan which was approved pursuant to a resolution passed by the shareholders on 18 August 2014.

The exercise price for each option shall be determined by the remuneration committee at its absolute discretion, and fixed by the remuneration committee at:

- a price ("Market Price") equal to the average of the last dealt price for the shares on Catalist for five consecutive market days immediately preceding the relevant date of grant of the relevant Option; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the remuneration committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price.

The PSP is administered by the remuneration committee. The participants of the PSP are similar to those of the ESOS.

The PSP shall continue in force at the discretion of the remuneration committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares over which the remuneration committee may grant the options under the PSP and the total number of shares which may be delivered pursuant to the vesting of awards under the PSP on any date, when added to the aggregate number of shares issued and/or issuable in respect of (i) all options granted under the ESOS; (ii) all awards granted under the PSP; and (iii) all outstanding options, shares or awards issued and/or issuable or granted under such other share-based incentive schemes or share plans of the company, shall not exceed 15% of the total number of issued shares (including treasury shares, as defined in the Act) of the company on the day immediately preceding the offer date of the option or from time to time.

5. EMPLOYEE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN (CONT'D)

Performance Share Plan ("PSP") (cont'd)

During the reporting year, no option to take up unissued shares of the company or any corporation in the group was granted and there were no shares of the company or any corporation in the group issued by virtue of the exercise of an options to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or any corporation in the group under option.

During the reporting year, no shares were issued pursuant to the ESOS and PSP.

6. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Chin Chee Choon – Chairman of the audit committee and independent director

Dr Tay Chuan Hui – Non-executive chairman and independent director

Chow Wen Kwan – Independent director

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

7. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 28 February 2017.

8. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements' as announced on 27 April 2017, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the board of directors

Law Kian Siong
Director

Law Kian Guan
Director

26 May 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED (Registration No: 201411394N)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Versalink Holdings Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 28 February 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 28 February 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis of opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Net realisable value of inventories

Please also refer to Note 2 on the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Note 14 on inventories at the reporting year end.

The group holds inventories of RM9,444,000 as at end of the reporting year. The carrying amount of inventories may not be recoverable in full if those inventories become slow moving, or if their selling prices have declined below carrying amounts.

The estimate of allowance for obsolete inventories is based on the age of these inventories, prevailing market conditions in the system furniture industry and historical provisioning experience which requires management judgement. Management applies particular judgement in the areas relating to inventory allowance based on inventory aging. This methodology relies upon assumption made in determining appropriate allowance of inventories.

Key audit matters (cont'd)

(1) Net realisable value of inventories (cont'd)

For samples selected, the component auditors and our audit procedures included, among others (i) checking the net realisable value of the inventories by comparing cost to subsequent selling prices; and (ii) reviewing the inventory turnover days and aging of the inventories to assess if there were any significant build up of aged inventories and assessing the reasonableness of the allowance for inventory obsolescence.

We satisfied ourselves that the impairment allowance on inventories have been prepared in line with group's policy.

(2) Net realisable value of trade receivables

Please also refer to Note 2 on the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Notes 15 and 26D for the receivables and credit risk of the group respectively.

Trade receivables totalled RM6,862,000 as at the end of the reporting year. Any impairment of significant receivables could have material impact to the group's profit or loss.

The estimate of impairment allowance is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers and future collectability.

For the samples selected our audit procedures included, (a) assessing the recoverability of the significant aged debts, by discussing with management; (b) checking subsequent collections and corroborating to the historical payment records; and (c) assessing whether disclosures in respect of the credit risk of trade receivables is appropriate. We also evaluated the qualitative adjustment to the allowance and challenging the reasonableness of the key assumptions in determining the allowance.

Other information

Management is responsible for the other information. The other information comprises information included in the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, 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.

b) 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 group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's 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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the financial statements (Cont'd)

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 those charged with governance 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, related safeguards.

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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Pang Hui Ting.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

26 May 2017

Engagement partner - effective from reporting year ended 29 February 2016

CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 28 FEBRUARY 2017

	Note	Group 2017 RM'000	Group 2016 RM'000
Revenue	4	**50,974**	59,483
Cost of sales		**(35,147)**	(38,791)
Gross profit		**15,827**	20,692
Interest income		**509**	341
Other gains	5	**302**	5,031
Marketing and distribution expenses	6	**(8,706)**	(7,123)
Administrative expenses	6	**(8,823)**	(8,716)
Other losses	5	**(1,241)**	(662)
Finance costs		**(255)**	(359)
(Loss)/profit before tax from continuing operations		**(2,387)**	9,204
Income tax credit/(expense)	8	**484**	(1,882)
(Loss)/profit from continuing operations, net of tax		**(1,903)**	7,322
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**8**	5
Total comprehensive (loss)/income for the year		**(1,895)**	7,327
(Loss)/earnings per share (Sen Ringgit Malaysia)			
Basic and diluted	9	**(1.41)**	5.42

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

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2017

	Notes	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**28,459**	28,613	**–**	–
Intangible assets	12	**728**	–	**–**	–
Investment in subsidiaries	13	**–**	–	**44,568**	44,568
Total non-current assets		**29,187**	28,613	**44,568**	44,568
Current assets					
Inventories	14	**9,444**	11,206	**–**	–
Trade and other receivables, current	15	**6,862**	6,196	**24,120**	22,731
Other assets, current	16	**4,693**	3,039	**52**	41
Other financial assets, current	17	**13,113**	11,463	**–**	–
Cash and cash equivalents	18	**9,105**	21,023	**222**	2,316
Total current assets		**43,217**	52,927	**24,394**	25,088
Total assets		**72,404**	81,540	**68,962**	69,656
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**62,513**	62,513	**62,513**	62,513
Retained earnings		**1,767**	5,905	**6,067**	6,782
Foreign currency translation reserves		**12**	4	**–**	–
Total equity		**64,292**	68,422	**68,580**	69,295
Non-current liabilities					
Deferred tax liabilities	8	**1,053**	1,053	**–**	–
Other financial liabilities, non-current	21	**–**	381	**–**	–
Total non-current liabilities		**1,053**	1,434	**–**	–
Current liabilities					
Income tax payable		**47**	70	**47**	70
Trade and other payables, current	20	**6,631**	9,722	**335**	291
Other financial liabilities, current	21	**381**	1,892	**–**	–
Total current liabilities		**7,059**	11,684	**382**	361
Total liabilities		**8,112**	13,118	**382**	361
Total equity and liabilities		**72,404**	81,540	**68,962**	69,656

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

STATEMENTS
OF CHANGES IN EQUITY

YEAR ENDED 28 FEBRUARY 2017

Group	Total Equity RM'000	Share Capital RM'000	Foreign Currency Translation Reserves RM'000	Retained Earnings RM'000
Current year:				
Opening balance at 1 March 2016	**68,422**	**62,513**	**4**	**5,905**
Movements in equity:				
Total comprehensive loss for the year	**(1,895)**	**–**	**8**	**(1,903)**
Dividends (Note 10)	**(2,235)**	**–**	**–**	**(2,235)**
Closing balance at 28 February 2017	**64,292**	**62,513**	**12**	**1,767**
Previous year:				
Opening balance at 1 March 2015	63,055	62,513	(1)	543
Movements in equity:				
Total comprehensive income for the year	7,327	–	5	7,322
Dividends (Note 10)	(1,960)	–	–	(1,960)
Closing balance at 29 February 2016	68,422	62,513	4	5,905

Company	Total Equity RM'000	Share Capital RM'000	Retained Earnings RM'000
Current year:			
Opening balance at 1 March 2016	**69,295**	**62,513**	**6,782**
Movements in equity:			
Total comprehensive income for the year	**1,520**	**–**	**1,520**
Dividends (Note 10)	**(2,235)**	**–**	**(2,235)**
Closing balance at 28 February 2017	**68,580**	**62,513**	**6,067**
Previous year:			
Opening balance at 1 March 2015	65,380	62,513	2,867
Movements in equity:			
Total comprehensive income for the year	5,875	–	5,875
Dividends (Note 10)	(1,960)	–	(1,960)
Closing balance at 29 February 2016	69,295	62,513	6,782

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

CONSOLIDATED
STATEMENT OF CASH FLOWS

YEAR ENDED 28 FEBRUARY 2017

	Group	
	2017	2016
	RM'000	RM'000
Cash flows (used in)/from operating activities		
(Loss)/Profit before tax	**(2,387)**	9,204
Adjustments for:		
Amortisation of intangible assets	**182**	–
Depreciation of property, plant and equipment	**2,570**	2,337
Gains on disposal of plant and equipment	**(109)**	–
Interest income	**(509)**	(341)
Interest expenses	**255**	359
Plant and equipment written off	**10**	82
Compensation fee for land acquisition	**–**	(3,671)
Operating cash flows before changes in working capital	**12**	7,970
Inventories	**1,762**	326
Trade and other receivables	**(666)**	808
Other assets	**(780)**	1,398
Other financial assets	**(1,650)**	(2,783)
Trade and other payables	**(3,091)**	728
Net cash flows (used in)/from operations	**(4,413)**	8,447
Income taxes paid	**(413)**	(1,916)
Net cash flows (used in)/from operating activities	**(4,826)**	6,531
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(2,426)**	(4,824)
Proceeds from disposals of plant and equipment	**109**	–
Purchase of intangible assets	**(910)**	–
Compensation fee received	**–**	3,671
Interest received	**509**	341
Net cash flows used in investing activities	**(2,718)**	(812)
Cash flows used in financing activities		
Decrease in other financial liabilities	**(865)**	(328)
Finance lease repayments	**(51)**	(110)
Dividends paid	**(2,235)**	(1,960)
Cash restricted in use	**(25)**	(24)
Interest paid	**(255)**	(359)
Net cash flows used in financing activities	**(3,431)**	(2,781)
Effect of foreign exchange rate adjustments	**8**	5
Net (decrease)/increase in cash and cash equivalents	**(10,967)**	2,943
Cash and cash equivalents, statement of cash flows, beginning balance	**19,217**	16,274
Cash and cash equivalents, statement of cash flows, ending balance (Note 18A)	**8,250**	19,217

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

1. GENERAL

The company is incorporated in Singapore with limited liability. It is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 September 2014.

The financial statements are presented in Ringgit Malaysia ("RM") and all financial information have been rounded to the nearest thousand (RM'000), except when otherwise stated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of an investment holding company and the provision of management services.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

The registered office is 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095. The company is situated in Singapore. The principal place of business is Lot 6119, Jalan Haji Salleh, Batu 5½ Off Jalan Meru 41050 Klang Selangor, Malaysia.

Accounting convention
The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of preparation of the financial statements
The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

1. GENERAL (CONT'D)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Interest revenue is recognised using the effective interest method.

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Malaysian Ringgit as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the financial year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold land	–	Not depreciated
Buildings	–	2%
Furniture and fittings	–	10% to 20%
Plant and machinery	–	10% to 20%
Motor vehicles	–	20%
Renovations	–	10%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Intangible asset

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is 5 years.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each financial year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the financial year in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement: (cont'd)

3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However, for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques. The relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note 14 on inventories.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year, but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 15 on trade and other receivables.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) of the group at the end of the reporting year affected by the assumption is RM21,245,000 (2016: RM22,363,000).

Impairment of intangible assets:

No impairment has been made for the intangible assets with a net carrying value of RM728,000 (2016: Nil) as at the end of the reporting year. Management is of the view that there are no indicators of impairment at this stage as the management plans to launch the new luxury system furniture range in Malaysia in the second half of 2017 based on the estimated demand for the new range of system furniture.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Measurement of impairment of subsidiaries:

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is RM44,138,000 (2016: Nil).

Income tax amounts:

The group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically re-assessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 8 on income tax.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3A. Related party transactions: (cont'd)

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Related party:		
Rental expense	**230**	230

The related party and the group have a common director who has significant influence and common shareholders.

3B. Key management compensation:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Salaries and other short-term employee benefits	**2,562**	2,641

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Remuneration of directors of the company	**1,410**	1,380
Fees to directors of the company	**400**	320

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors.

4. REVENUE

	Group	
	2017	2016
	RM'000	RM'000
Sale of goods	**50,974**	59,483

5. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2017	2016
	RM'000	RM'000
Allowance for impairment on trade receivables	**(775)**	(580)
Amortisation of intangible assets	**(182)**	–
Compensation fee for land acquisition	**–**	3,671
Foreign exchange adjustment (losses)/gains	**(274)**	1,003
Gains on disposal of plant and equipment	**109**	–
Litigation compensation received	**–**	75
Plant and equipment written off	**(10)**	(82)
Insurance claims	**10**	–
Sale of scrap materials	**95**	224
Sundry income	**88**	58
Total	**(939)**	4,369
Presented in profit or loss as:		
Other gains	**302**	5,031
Other losses	**(1,241)**	(662)
Net	**(939)**	4,369

6. MARKETING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Marketing and distribution expenses		
Advertisement and promotions	**1,328**	779
Sales commissions	**586**	534
Depreciation of property, plant and equipment (Note 11)	**470**	390
Employee benefits expense (Note 7)	**3,267**	3,149
Showroom's rental expense	**882**	787
Logistics expense	**905**	339
Administrative expenses		
Amortisation of intangible assets	**182**	–
Depreciation of property, plant and equipment (Note 11)	**1,012**	979
Employee benefits expense (Note 7)	**4,790**	4,522
Audit fees to:		
- Independent auditor of the company	**210**	203
- Other independent auditor	**82**	72
Non-audit fees to:		
- Independent auditor of the company	**18**	15
- Other independent auditor	**39**	75

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017	**2016**
	RM'000	**RM'000**
Short term employee benefits expense	**13,349**	13,752
Contributions to defined contribution plans	**969**	942
Other benefits	**821**	499
Total employee benefits expense	**15,139**	15,193
The employee benefits expense is charged as follows:		
Cost of sales	**7,082**	7,522
Marketing and distribution expenses (Note 6)	**3,267**	3,149
Administrative expenses (Note 6)	**4,790**	4,522
Total employee benefits expense	**15,139**	15,193

8. INCOME TAX

8A. Components of income tax (credit)/expense recognised in profit or loss include:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Current tax (credit)/expense:		
Current tax (credit)/expense	**(97)**	1,998
Over adjustments in respect of prior periods	**(387)**	(25)
Subtotal	**(484)**	1,973
Deferred tax (credit)/expense:		
Deferred tax credit	**–**	(260)
Under adjustments in respect of prior periods	**–**	169
Subtotal	**–**	(91)
Total income tax (credit)/expense	**(484)**	1,882

Substantially the group's operations are located in Malaysia for the financial years under review. Accordingly the Malaysian statutory tax rate of 24% (2016: 24%) is used in the reconciliation below:

	Group	
	2017	**2016**
	RM'000	**RM'000**
(Loss)/profit before tax	**(2,387)**	9,204
Income tax (credit)/expense at the above rate	**(573)**	2,209
Effect of different tax rate in different country and change in tax rate	**(96)**	(71)
Expenses not deductible/(income not subject to tax)	**528**	(462)
Tax exemptions and rebate	**(190)**	(35)
Reinvestment allowance incentives	**(140)**	–
Deferred tax assets not recognised	**355**	55
(Over)/under adjustment to tax in respect of prior periods	**(387)**	144
Others	**19**	42
Total income tax (credit)/expense	**(484)**	1,882

There are no income tax consequences of dividends to owners of the company.

The major not deductible/(not liable to tax) items include the following:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Compensation fee for land acquisition	**–**	(3,671)

8. INCOME TAX (CONT'D)

8B. Deferred tax expense/(credit) recognised in profit or loss include:

	Group	
	2017	2016
	RM'000	RM'000
Excess of net book value on property, plant and equipment over tax values	**(175)**	405
Unrealised losses/(gains) on foreign exchange	**52**	(347)
Provisions	**(189)**	(158)
Tax losses carryforwards	**(43)**	(46)
Deferred tax assets not recognised	**355**	55
Total deferred tax expense/(credit) recognised in profit or loss	**–**	(91)

8C. Deferred tax balance in the statements of financial position:

	Group	
	2017	2016
	RM'000	RM'000
Deferred tax liabilities/(assets) recognised in profit or loss:		
Excess of net book value on property, plant and equipment over tax values	**1,362**	1,537
Unrealised gains on foreign exchange	**(229)**	(281)
Provisions	**(392)**	(203)
Tax losses carryforwards	**(43)**	–
Deferred tax assets not recognised	**355**	–
Net	**1,053**	1,053

It is impractical to estimate the amount expected to be settled or used within one year.

The above deferred tax assets for the tax losses that have not been recognised in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

9. (LOSS)/EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss)/earnings per share of no par value:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Numerators: (loss)/earnings attributable to equity:		
Continuing operations: attributable to equity holders	**(1,903)**	7,322
	No. of Shares	**No. of Shares**
	'000	**'000**
Denominators: weighted average number of equity shares		
Basic and diluted	**135,000**	135,000

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The basic (loss)/earnings per share ratio is based on the weighted average number of ordinary shares outstanding during the reporting year. There is no dilution of (loss)/earnings per share as there are no dilutive potential ordinary shares outstanding as at the end of the reporting year.

10. DIVIDENDS ON EQUITY SHARES

	Rate per share			
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**RM'000**	**RM'000**
Final tax exempt (one-tier) dividend paid	**0.0056**	0.005	**2,235**	1,960

The final tax exempt (one-tier) dividend in respect of all ordinary shares proposed for the reporting years 2016 and 2015 was approved by the members in the annual general meetings and paid in reporting years 2017 and 2016 respectively.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
Cost:							
At 1 March 2015	6,250	14,560	4,468	3,030	14,106	1,220	43,634
Additions	–	94	1,720	277	2,202	531	4,824
Write-offs	–	–	(271)	–	(1,901)	(24)	(2,196)
At 29 February 2016	6,250	14,654	5,917	3,307	14,407	1,727	46,262
Additions	964	–	161	150	984	167	2,426
Disposals	–	–	–	(135)	(115)	–	(250)
Write-offs	–	–	(358)	–	–	–	(358)
At 28 February 2017	**7,214**	**14,654**	**5,720**	**3,322**	**15,276**	**1,894**	**48,080**
Accumulated depreciation:							
At 1 March 2015	–	2,164	2,607	1,553	11,057	45	17,426
Depreciation for the year	–	292	654	425	809	157	2,337
Write-offs	–	–	(242)	–	(1,863)	(9)	(2,114)
At 29 February 2016	–	2,456	3,019	1,978	10,003	193	17,649
Depreciation for the year	–	293	619	565	908	185	2,570
Disposals	–	–	–	(135)	(115)	–	(250)
Write-offs	–	–	(348)	–	–	–	(348)
At 28 February 2017	**–**	**2,749**	**3,290**	**2,408**	**10,796**	**378**	**19,621**
Net carrying value:							
At 1 March 2015	6,250	12,396	1,861	1,477	3,049	1,175	26,208
At 29 February 2016	6,250	12,198	2,898	1,329	4,404	1,534	28,613
At 28 February 2017	**7,214**	**11,905**	**2,430**	**914**	**4,480**	**1,516**	**28,459**

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Allocation of the depreciation expense:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost of sales	**1,088**	968
Marketing and distribution expenses (Note 6)	**470**	390
Administrative expenses (Note 6)	**1,012**	979
Total	**2,570**	2,337

(a) Certain items are under finance lease agreements (see Note 21).

(b) The net carrying values of property, plant and equipment which have been pledged as securities for banking facilities (see Note 21) are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Freehold land	**7,214**	6,250
Buildings	**11,905**	12,198
Total	**19,119**	18,448

(c) Fully depreciated plant and equipment still in use had an initial cost of:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Furniture and fittings	**1,588**	1,872
Plant and machinery	**7,003**	6,350
Motor vehicles	**400**	534
Total	**8,991**	8,756

(d) Details of freehold land:

Description/Location	Gross floor area
Lot 6119 Jalan Haji Salleh, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia	135,700 square feet
Lot 6118 Jalan Haji Salleh, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia	57,400 square feet

12. INTANGIBLE ASSETS

Group	Development cost RM'000
Cost:	
At 1 March 2016	–
External additions	910
At 28 February 2017	**910**
Accumulated amortisation:	
At 1 March 2016	–
Amortisation for the year	182
At 28 February 2017	**182**
Net carrying value:	
At 1 March 2016	–
At 28 February 2017	**728**

Development cost relates to the designer fees incurred in relation to the creation of a new luxury system furniture range by an Italian Architectural Firm.

The amortisation expense is charged under administrative expenses (Note 6).

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Total cost comprising:		
Unquoted equity shares at cost	**44,915**	44,915
Allowance for impairment	**(347)**	(347)
Balance at the end of the year	**44,568**	44,568
Movements in allowance for impairment:		
Balance at beginning of the year	**(347)**	–
Impairment loss charged to profit or loss included in other losses	**–**	(347)
Balance at end of the year	**(347)**	(347)

The continuous losses of Steeltema (M) Sdn. Bhd. was considered sufficient evidence to trigger the impairment test, resulting in the recognition of an impairment loss. Accordingly, the cost of investment in subsidiary concerned has been written down to its recoverable amount in reporting year ended 29 February 2016.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

All subsidiaries are wholly–owned. The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost in books of the company	
	2017 RM'000	2016 RM'000
Jemaramas Jaya Sdn. Bhd. [a] Malaysia Manufacture, marketing and sale of system furniture and other furniture related products	**32,101**	32,101
Versalink Marketing Sdn. Bhd. [a] Malaysia Marketing and sale of system furniture and other furniture related products	**12,037**	12,037
Steeltema (M) Sdn. Bhd. [a] Malaysia Dormant	**500**	500
Versalink Technology Sdn. Bhd. [a] Malaysia Dormant	**277**	277
Versalink (S) Pte. Ltd. [b] [c] Singapore Dormant	**–**	–
Versalink System Furniture (S) Pte. Ltd. [b] [c] Singapore Marketing and sale of system furniture and other furniture related products	**–**	–
Total investment in subsidiaries	**44,915**	44,915

Notes:

[a] Other independent auditor. Audited by Crowe Horwath, Malaysia, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

[b] Audited by RSM Chio Lim LLP, a member of RSM International.

[c] The cost of investment is less than RM1,000.

As is required by Rule 716 of the Catalist Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit Committee and the board of directors of the company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

14. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
Raw materials	**6,856**	8,229
Work-in-progress	**172**	68
Finished goods	**2,416**	2,909
Total inventories	**9,444**	11,206

Inventories are stated after allowance. Movements in allowance:

	Group	
	2017 RM'000	2016 RM'000
Balance at beginning of the year	**845**	349
Charged to profit or loss included in cost of sales	**467**	496
Balance at end of the year	**1,312**	845

	Group	
	2017 RM'000	2016 RM'000
The write-down of inventories charged to profit or loss included in cost of sales	**467**	496
Changes in inventories of finished goods and work-in-progress (decrease)	**(389)**	(473)
The amount of inventories included in cost of sales	**29,099**	34,691

There are no inventories pledged as security for liabilities.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables:				
Outside parties	**8,235**	6,794	**–**	–
Less allowance for impairment	**(1,373)**	(598)	**–**	–
Subtotal	**6,862**	6,196	**–**	–
Other receivables:				
Subsidiaries (Note 3)	**–**	–	**24,120**	22,731
Total trade and other receivables	**6,862**	6,196	**24,120**	22,731
Movements in above allowance:				
Balance at beginning of the year	**598**	31	**–**	–
Charge for trade receivables to profit or loss included in other losses (Note 5)	**775**	580	**–**	–
Used	**–**	(13)	**–**	–
Balance at end of the year	**1,373**	598	**–**	–

16. OTHER ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Advance payments on purchases of inventories	**1,426**	934	**–**	–
Deposits to secure services	**455**	424	**–**	–
Prepayments	**722**	465	**52**	41
Tax recoverable	**2,090**	1,216	**–**	–
Total other assets	**4,693**	3,039	**52**	41

17. OTHER FINANCIAL ASSETS

		Group	
	Level	2017	2016
		RM'000	RM'000
Investments available-for-sale at fair value through profit or loss:			
Money market funds and other fixed income investments			
Country: Malaysia	1	**13,113**	11,463
Movement during the year:			
Fair value at beginning of the year		**11,463**	8,680
Additions		**1,650**	2,783
Fair value at beginning of the year		**13,113**	11,463

The other financial assets are investments in short to medium-term fixed income fund, with a withdrawal lead time period of 1 day to a maximum of one month and is managed by investment banks in Malaysia. There are no restrictions on the withdrawal of funds and they are designated as available-for-sale financial assets measured at fair value.

At the end of the reporting year, the financial assets bore an effective interest rate that ranged between 3.08% to 3.83% (2016: 2.95% to 3.71%) per annum. The interest income from asset at fair value is RM450,000 (2016: RM283,000) and is not subject to tax.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Not restricted in use	**8,250**	20,193	**222**	2,316
Restricted in use [a]	**855**	830	**–**	–
Total cash and cash equivalents	**9,105**	21,023	**222**	2,316
Interest earning balances	**855**	830	**–**	–

[a] This is for fixed deposits held by a banker to cover the bank facilities granted to the group (see Note 21).

The rates of interest for the cash on interest earning balances is ranged between 2.76% to 2.96% (2016: 2.40% to 2.96%), and for a tenor of one to twelve months.

18A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2017	2016
	RM'000	RM'000
Amount as shown above	**9,105**	21,023
Cash pledged for bank facilities	**(855)**	(830)
Bank overdrafts (Note 21)	**–**	(976)
Cash and cash equivalents at end of the year	**8,250**	19,217

19. SHARE CAPITAL

	Group and Company	
	Number of shares issued '000	Share capital RM'000
Ordinary shares of no par value:		
Balance at 1 March 2015, 29 February 2016 and 28 February 2017	**135,000**	**62,513**

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

19. SHARE CAPITAL (CONT'D)

Capital management:

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The group's total borrowing is less than the cash and cash equivalents. The debt-to-capital ratio therefore does not provide a meaningful indicator of the risk from borrowings.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables:				
Outside parties	**3,410**	4,652	**–**	–
Subtotal	**3,410**	4,652	**–**	–
Other payables:				
Outside parties and accrued liabilities	**1,961**	2,547	**335**	291
Deposits received from customers	**1,260**	2,523	**–**	–
Subtotal	**3,221**	5,070	**335**	291
Total trade and other payables	**6,631**	9,722	**335**	291

21. OTHER FINANCIAL LIABILITIES

	Group 2017 RM'000	Group 2016 RM'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 21A)	–	381
Total non-current	–	381
Current:		
Financial instruments with floating interest rates:		
Bankers' acceptance (unsecured) (Note 21A)	–	280
Bank loans (secured) (Note 21A)	**381**	400
Bank overdrafts (secured) (Note 21A)	–	976
Bankers' acceptance (secured) (Note 21A)	–	185
Subtotal	**381**	1,841
Financial instruments with fixed interest rates:		
Finance lease payables (Note 21B)	–	51
Total current	**381**	1,892
Total other financial liabilities	**381**	2,273
The non-current portion is repayable as follows:		
Due within 2 to 5 years	–	381
Total non-current portion	–	381

The range of floating rate interest rates paid was as follows:

	Group 2017	Group 2016
Bank loans	**4.97%**	4.97%
Bank overdrafts	**7.85%**	7.85%
Bankers' acceptance	**4.85% to 6.39%**	5.13% to 6.32%

The bank agreements for certain of the bank loans, overdrafts and bankers' acceptance provide among other matters for the following:

(a) First party charge against the freehold land and buildings of the group as disclosed in Note 11;

(b) Joint and several guarantees by certain directors of the company and subsidiaries;

(c) Corporate guarantee for RM1,900,000 executed by Versalink Marketing Sdn. Bhd. to Jemaramas Jaya Sdn. Bhd.; and

(d) Pledged of fixed deposits (Note 18).

21. OTHER FINANCIAL LIABILITIES (CONT'D)

21A. Bank loans, bank overdrafts and bankers' acceptance

The repayment terms of the bank loans are as follows:

1. A RM3,000,000 loan facility is repayable by 96 equal monthly instalments of RM35,830, commencing from July 2009 to June 2017;
2. A RM722,802 loan facility is repayable by 24 equal monthly instalments of RM31,518, commencing from July 2013. The loan has been fully paid during the reporting year ended 29 February 2016; and
3. A RM1,160,919 loan facility is repayable by 24 equal monthly instalments of RM50,665, commencing from July 2013. The loan has been fully paid during the reporting year ended 29 February 2016.

The fair values of the bank loans, bank overdrafts and bankers' acceptance were estimated by discounting the future cash flows payable under the terms of the loan using the year-end market interest rate applicable to loans of similar credit risk, terms and conditions (Level 2). The carrying amount is a reasonable approximation of fair value (Level 2).

21B. Finance lease payables

Group 2016	**Minimum payments RM'000**	**Finance charges RM'000**	**Present value RM'000**
Minimum lease payments payable:			
Due within one year	52	(1)	51
Net carrying value of plant and equipment under finance leases			182

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under the finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	Group	
	2017	**2016**
Lease term, in years	–	2
Effective borrowing rate per annum, in %	–	5.02

The total for finance leases and the average effective borrowing rate per year is disclosed above. The fair value is a reasonable approximation of the carrying amount.

22. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Not later than one year	**714**	888
Later than one year and not later than five years	**445**	1,163
Rental expense for the year	**882**	787

Operating lease payments are for rentals payable for certain showrooms.

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS

23A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management monitoring and reporting purposes, the group is organised into two major operating segments: domestic sales of office furniture and export sales of office furniture. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments are as follows:

The domestic sales segment is for sales of office furniture derived from local market in Malaysia.

The export sales segment is for sales of office furniture to countries overseas.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is the gross profit.

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

23B. Profit or loss from continuing operations and reconciliations

	Export RM'000	Domestic RM'000	Group RM'000
Continuing operations 2017			
Revenue by segment			
Total revenue by segment	**42,963**	**20,962**	**63,925**
Inter-segment sales	**(12,951)**	**–**	**(12,951)**
Total revenue	**30,012**	**20,962**	**50,974**
Cost of sales by segment			
Total cost of sales by segment	**(33,564)**	**(14,525)**	**(48,089)**
Inter-segment cost of sales	**12,942**	**–**	**12,942**
Total cost of sales	**(20,622)**	**(14,525)**	**(35,147)**
Gross profit	**9,390**	**6,437**	**15,827**
Recurring EBITDA			**620**
Finance costs			**(255)**
Depreciation and amortisation			**(2,752)**
Loss before tax from continuing operations			**(2,387)**
Income tax credit			**484**
Loss from continuing operations			**(1,903)**
Continuing operations 2016			
Revenue by segment			
Total revenue by segment	50,044	22,442	72,486
Inter-segment sales	(13,003)	–	(13,003)
Total revenue	37,041	22,442	59,483
Cost of sales by segment			
Total cost of sales by segment	(37,665)	(14,104)	(51,769)
Inter-segment cost of sales	12,978	–	12,978
Total cost of sales	(24,687)	(14,104)	(38,791)
Gross profit	12,354	8,338	20,692
Recurring EBITDA			11,900
Finance costs			(359)
Depreciation			(2,337)
Profit before tax from continuing operations			9,204
Income tax expense			(1,882)
Profit from continuing operations			7,322

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

23C. Assets and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
2017				
Total assets for reportable segments	**57,071**	**18,771**	**68,964**	**144,806**
Elimination of inter-segment receivables	**(3,567)**	**(148)**	**(68,687)**	**(72,402)**
Total group assets	**53,504**	**18,623**	**277**	**72,404**
2016				
Total assets for reportable segments	62,307	18,790	69,659	150,756
Elimination of inter-segment receivables	(1,780)	(138)	(67,298)	(69,216)
Total group assets	60,527	18,652	2,361	81,540

23D. Liabilities and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
2017				
Total liabilities for reportable segments	**26,080**	**8,201**	**466**	**34,747**
Elimination of inter-segment payables	**(20,474)**	**(7,136)**	**(78)**	**(27,688)**
Unallocated:				
Deferred tax liabilities	**–**	**–**	**1,053**	**1,053**
Total group liabilities	**5,606**	**1,065**	**1,441**	**8,112**
2016				
Total liabilities for reportable segments	30,146	6,010	419	36,575
Elimination of inter-segment payables	(19,880)	(4,582)	(48)	(24,510)
Unallocated:				
Deferred tax liabilities	–	–	1,053	1,053
Total group liabilities	10,266	1,428	1,424	13,118

23. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

23E. Other material items and reconciliations

	Export RM'000	Domestic RM'000	Group RM'000
Capital expenditure for non-current assets:			
2017	**3,312**	**24**	**3,336**
2016	4,198	626	4,824
Allowance for impairment loss on inventory obsolescence, net:			
2017	**467**	**–**	**467**
2016	496	–	496
Impairment loss on trade receivables:			
2017	**–**	**775**	**775**
2016	–	580	580

23F. Geographical information

Revenue based on geographical locations of customers is as follows:

	2017 RM'000	2016 RM'000
Revenue:		
Malaysia	**20,962**	22,442
Middle East	**13,093**	15,356
North America	**8,618**	7,702
Asia	**3,490**	7,401
Singapore	**300**	2,150
Others	**4,511**	4,432
Consolidated revenue	**50,974**	59,483

Substantially all the group's operations are located in Malaysia, therefore the carrying amount of non-current assets are within Malaysia.

23G. Information about major customers

	2017 RM'000	2016 RM'000
Top 1 customer in more than one segment	**5,194**	4,932
Top 2 customers in more than one segment	**9,836**	9,367
Top 3 customers in more than one segment	**13,490**	12,692

24. EVENTS AFTER THE END OF THE REPORTING YEAR

On 1 March 2017, the company entered into a Share Sale Agreement to acquire 510,000 ordinary shares representing 51% of the issued and paid up capital of Alca Vsytle Sdn. Bhd. ("Alca") for an aggregate consideration of RM714,000. The remaining 49% shareholding interest in Alca will continue to be held by the two founders. The acquisition has not been completed as at date of the financial statements. Accordingly, no disclosure on the effect of the concerned acquisition is made under the requirement of FRS 103 Business Combination as the fair value of the net assets to be acquired is not determinable as at the date of the financial statements.

25. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to prior year's financial statements to enhance comparability with the current year's financial statement. The reclassification is summarized below:

	After Reclassification RM'000	Before Reclassification RM'000	Difference RM'000
2016 Consolidated Statement of Profit or Loss and Other Comprehensive Income:			
Marketing and distribution expenses	(7,123)	(5,961)	(1,162)
Administrative expenses	(8,716)	(9,878)	1,162

The reclassification was made to reclassify employee benefits expense.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

26A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial assets:				
Cash and cash equivalents	**9,105**	21,023	**222**	2,316
Loans and receivables	**6,862**	6,196	**24,120**	22,731
Financial assets at fair value	**13,113**	11,463	**–**	–
At end of the year	**29,080**	38,682	**24,342**	25,047
Financial liabilities:				
Borrowings measured at amortised cost	**381**	2,273	**–**	–
Trade and other payables measured at amortised cost	**5,371**	7,199	**335**	291
At end of the year	**5,752**	9,472	**335**	291

Further quantitative disclosures are included throughout these financial statements.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and actions to be taken in order to manage the financial risks. All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

26C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

26D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 18 disclose the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2016: 30 to 60 days). But some customers take a longer period to settle the amounts.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26D. Credit risk on financial assets (cont'd)

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the reporting year but not impaired:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Trade receivables:		
Less than 3 months	**738**	2,541
3 to 6 months	**242**	134
Over 6 months	**3,119**	1,990
Total	**4,099**	4,665

(b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Trade receivables:		
Over 6 months	**1,373**	598
Total	**1,373**	598

The allowance which is disclosed in the note on trade receivable is based on individual accounts totalling RM1,373,000 (2016: RM598,000) that are deemed to be impaired at the end of the reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of the reporting year:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Top 1 customer	**2,425**	743
Top 2 customers	**3,237**	1,462
Top 3 customers	**3,980**	1,962

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than one year RM'000	Two to five years RM'000	Total RM'000
2017:			
Non-derivative financial liabilities:			
Trade and other payables	**5,371**	**–**	**5,371**
Gross borrowing commitments	**400**	**–**	**400**
At end of the year	**5,771**	**–**	**5,771**
2016:			
Non-derivative financial liabilities:			
Trade and other payables	7,199	–	7,199
Gross borrowing commitments	1,933	400	2,333
Gross finance lease obligations	52	–	52
At end of the year	9,184	400	9,584

Company	Less than one year RM'000	Two to five years RM'000	Total RM'000
2017:			
Non-derivative financial liabilities:			
Trade and other payables	**335**	**–**	**335**
At end of the year	**335**	**–**	**335**
2016:			
Non-derivative financial liabilities:			
Trade and other payables	291	–	291
At end of the year	291	–	291

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year, no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2016: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Bank facilities:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Undrawn borrowing facilities	**17,146**	15,304

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

26F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Financial liabilities with interest:		
Fixed rates	**–**	51
Floating rates	**381**	2,222
Total at end of the year	**381**	2,273
Financial assets with interest:		
Fixed rates	**13,968**	12,293

The interest rates are disclosed in Notes 17, 18 and 21.

Sensitivity analysis: The effect on pre-tax profit is not significant.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

	United States Dollar RM'000	Singapore Dollar RM'000	Thai Baht RM'000	Chinese Renminbi RM'000	Total RM'000
2017					
Financial assets:					
Cash and bank balances	**979**	**1,942**	**–**	**–**	**2,921**
Trade and other receivables	**270**	**37**	**–**	**–**	**307**
Total financial assets	**1,249**	**1,979**	**–**	**–**	**3,228**
Financial liabilities:					
Trade and other payables	**(138)**	**–**	**(545)**	**(235)**	**(918)**
Total financial liabilities	**(138)**	**–**	**(545)**	**(235)**	**(918)**
Net financial assets (liabilities) at end of the year	**1,111**	**1,979**	**(545)**	**(235)**	**2,310**
2016					
Financial assets:					
Cash and bank balances	7,102	3,590	–	–	10,692
Trade and other receivables	140	22	–	–	162
Total financial assets	7,242	3,612	–	–	10,854
Financial liabilities:					
Trade and other payables	(3)	(6)	(495)	–	(504)
Total financial liabilities	(3)	(6)	(495)	–	(504)
Net financial assets (liabilities) at end of the year	7,239	3,606	(495)	–	10,350

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	2017 RM'000	2016 RM'000
A hypothetical 10% increase in the exchange rate of the functional currency RM against US dollar would have an adverse effect on profit before tax of	**(111)**	(724)
A hypothetical 10% increase in the exchange rate of the functional currency RM against Singapore dollar would have an adverse effect on profit before tax of	**(198)**	(361)
A hypothetical 10% increase in the exchange rate of the functional currency RM against Thai Baht would have a favourable effect on profit before tax of	**55**	50
A hypothetical 10% increase in the exchange rate of the functional currency RM against Chinese Renminbi would have a favourable effect on profit before tax of	**24**	–

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26G. Foreign currency risks (cont'd)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss and reserves.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at the end of the reporting year.

27. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative

28. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years, new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

STATISTICS OF SHAREHOLDINGS AS AT 15 MAY 2017

SHARE CAPITAL

Number of Issued Shares	:	135,000,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	8	4.33	5,100	0.00
1,001 – 10,000	62	33.51	394,700	0.29
10,001 – 1,000,000	100	54.05	6,756,900	5.01
1,000,001 AND ABOVE	15	8.11	127,843,300	94.70
	185	**100.00**	**135,000,000**	**100.00**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 15 May 2017, approximately 22.03% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1.	Law Boon Seng	20,365,100	15.09
2.	Lee Yuet Chin	18,363,500	13.60
3.	Law Kian Guan (Liu Jianyuan)	15,464,000	11.45
4.	Law Kian Siong	15,464,000	11.45
5.	Law Pei Ling	15,464,000	11.45
6.	Law Kian Hong	12,564,500	9.31
7.	CIMB Securities (Singapore) Pte Ltd	11,735,000	8.69
8.	BNP Paribas Nominees Singapore Pte Ltd	5,000,000	3.70
9.	Gan Hsiao Ping Calvin (Yanxiaobin Calvin)	3,272,200	2.42
10.	Gan Kim Cho @ Gan Kim Chor	2,726,800	2.02
11.	Yeo Khee Seng Benny	2,190,600	1.62
12.	OCBC Securities Private Ltd	1,773,600	1.31
13.	Lim Chye Huat @ Bobby Lim Chye Huat	1,360,000	1.01
14.	Kek Chin Wu	1,075,000	0.80
15.	Chan Sin Keng	1,025,000	0.76

No.	Name	No. of shares	%
16.	Chun Kwong Pong	595,000	0.44
17.	Leow Kar Ping	530,000	0.39
18.	United Overseas Bank Nominees (Private) Limited	300,000	0.22
19.	Wong Soo Chai @ Wong Chick Wai	284,000	0.21
20.	Ho Yew Ming OR Wong Phooi Yee	270,000	0.20
		129,822,300	**96.14**

SUBSTANTIAL SHAREHOLDERS AS AT 15 MAY 2017
AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total	% *
1.	Law Boon Seng	20,365,100	-	20,365,100	15.09
2.	Lee Yuet Chin	18,363,500	-	18,363,500	13.60
3.	Law Pei Ling	15,464,000	278,000[1]	15,742,000	11.66
4.	Law Kian Siong	15,464,000	-	15,464,000	11.45
5.	Law Kian Guan	15,464,000	-	15,464,000	11.45
6.	Law Kian Hong	12,564,500	-	12,564,500	9.31
7.	Yeo Khee Seng Benny	7,190,600	-	7,190,600	5.33

Note:

[1] Law Pei Ling is deemed to be interested in the 278,000 shares held by her spouse, Bevan Grant Walters, by virtue of Section 4 of the Securities and Futures Act, Cap. 289.

*Percentage is calculated based on the total number of issued shares of the Company.

NOTICE OF ANNUAL GENERAL MEETING

VERSALINK HOLDINGS LIMITED

Registration No. 201411394N
(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Versalink Holdings Limited will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Thursday, 29 June 2017 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 28 February 2017 and the Auditors' Report thereon. **Resolution 1**

2. To approve the Directors' fees of S$135,000.00 for the financial year ended 28 February 2017. **Resolution 2**

3. To re-elect Law Pei Ling, who is retiring in accordance with Article 114 of the Company's Constitution, as a Director of the Company. **Resolution 3**

4. To re-elect Chin Chee Choon, who is retiring in accordance with Article 114 of the Company's Constitution, as a Director of the Company. **Resolution 4**

   Chin Chee Choon shall, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and as a member of the Remuneration Committee and Nominating Committee. Chin Chee Choon shall be considered independent for the purpose of Rule 704(7) of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist ("Catalist Rules").

5. To re-appoint RSM Chio Lim LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions, with or without amendments:

6. Authority to allot and issue shares **Resolution 6**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. ("Companies Act") and the Catalist Rules, authority be and is hereby given to the Directors of the Company to allot and issue Shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

   (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed 100 per cent (100%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company at the time this Resolution is passed after adjusting for:-

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising Share Options (the "Options") or vesting of Share Awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the Options or Awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

7. Authority to grant Awards and to allot and issue Shares under the Versalink Performance Share Plan **Resolution 7**

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

a) grant Awards in accordance with the provisions of the Versalink Performance Share Plan ("the Plan"); and

b) allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the release of Awards under the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) from time to time."

[See Explanatory Note (ii)]

8. Authority to grant Options in accordance with Versalink Employee Share Option Scheme **Resolution 8**

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

a) offer and grant Options in accordance with the provisions of the Versalink Employee Share Option Scheme ("the Scheme"); and

b) to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options under the Scheme provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) from time to time."

[See Explanatory Note (iii)]

9. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) Resolution 6, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed hundred per cent (100%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting, or by the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

(ii) Resolution 7, if passed, will empower the Directors to grant Awards and to issue and allot Shares pursuant to the Plan. The grant of Awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of Shares which may be issued pursuant to the Plan shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) from time to time.

(iii) Resolution 8, if passed, will empower the Directors to offer and grant Options under the Scheme and to allot and issue new ordinary Shares in the capital of the Company upon the exercise of such Options in accordance with the Scheme as may be modified by the Committee from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company from time to time.

By Order Of the Board

Seah Kim Swee
Company Secretary

Date: 14 June 2017

Notes:

a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his Shares to be represented by each proxy.

b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 48 hours before the meeting.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty hereof.

VERSALINK HOLDINGS LIMITED

Registration No. 201411394N
(Incorporated in Singapore)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 5 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM

I/We*______________________________(Name), NRIC/Passport number* __________________

of ____ (Address)
being a member/members* of Versalink Holdings Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on Thursday, 29 June 2017 at 11:00 a.m. and at any adjournment thereof.

(Please indicate in the spaces provided whether you wish the number of vote(s) you wish to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	Number of Votes For**	Number of Votes Against**
ORDINARY BUSINESS			
1.	To receive and consider Directors' Statement and Auditors' Reports and Audited Financial Statements		
2.	To approve the Directors' fees for the financial year ended 28 February 2017		
3.	To re-elect Ms Law Pei Ling as Director		
4.	To re-elect Mr Chin Chee Choon as Director		
5.	To re-appoint RSM Chio Lim LLP as Auditors		
SPECIAL BUSINESS			
6.	To authorise the Directors to allot and issue shares		
7.	To authorise the Directors to grant awards and issue shares in accordance with the provisions of the Versalink Performance Share Plan		
8.	To authorise the Directors to grant options and issue shares in accordance with the provisions of the Versalink Employee Share Option Scheme		

Dated this ________ day of __________ 2017

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold and seal here

NOTES :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. Each of the resolutions to be put to the vote of members at the Annual General Meeting (and at any adjournment thereof) will be voted by way of a poll.

3. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead, subject to note 5 below. A proxy need not be a member of the Company.

4. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and the entire number of shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.

5 A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at a meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the meeting.

7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.

8. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 not less than 48 hours before the time appointed for the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at least 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy :

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 June 2017.

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Affix
Postage
Stamp

The Company Secretary
Versalink Holdings Limited (201411394N)

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

Fold here

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Malaysia

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