



VERSALINK HOLDINGS LIMITED
(Incorporated in Singapore on 21 April 2014)
(Registration No: 201411394N)

PROPOSED SALE OF PROPERTY AS A MAJOR TRANSACTION

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Versalink Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Jemaramas Jaya Sdn Bhd (the “**Vendor**”), has on 12 July 2022 accepted a binding letter of offer (the “**Letter of Offer**”) for the sale of the parcel of land held under HSD 158275, PT No. 76085, Mukim Kapar, Daerah Klang, Negeri Selangor together with the buildings erected thereon bearing the postal address Lot 6119, Jalan Haji Salleh Batu 5 ½ off Jalan Meru 41050 Klang, Selangor (the “**Property**”) to RHB Trustees Berhad (the “**Purchaser**”) as trustee for Axis Real Estate Investment Trust (“**AXIS-REIT**”) (the “**Proposed Sale**”).
- 1.2 Unless otherwise stated, all currency translations of Singapore dollar (“**S\$**”) and Malaysia Ringgit (“**RM**”) used in this announcement are based on an exchange rate of RM1.00 : S\$0.3171 (as extracted from Bloomberg L.P.) as at 11 July 2022, being the date immediately preceding the date of this announcement.

2. THE PROPOSED SALE

2.1 Information on the Property

The Property comprises freehold land occupying an area of approximately 24,952 square metres. It is occupied by the Group’s office, showroom, warehouse and principal manufacturing facility which has a total built-up area of approximately 17,949 square metres.

As part of the Proposed Sale, the Vendor and the Purchaser shall enter into a tenancy agreement to enable the Vendor to continue occupying the Property after the completion of the Proposed Sale.

2.2 Information on AXIS-REIT

The information presented herein relating to information on AXIS-REIT is based on information provided by AXIS-REIT. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

AXIS-REIT is Malaysia’s first REIT, listed on Bursa Malaysia on 3 August 2005, to own and invest primarily in industrial and office real estate. It has a diverse portfolio of 61 properties that are located in the Klang Valley, Johor, Penang, Pahang, Negeri Sembilan and Kedah.

AXIS-REIT and the Purchaser, as well as their respective director(s) and shareholder(s) and their respective associates are not related to the Company, its Directors and controlling shareholders, and their respective associates.

2.3 Sale Price

Pursuant to the Letter of Offer, the sale price of the Property is RM41,000,000 (equivalent to approximately S\$13,001,000) (the “**Sale Price**”), to be satisfied fully in cash. The Sale Price was arrived at based on arm’s length negotiations between the parties, after taking into account prevailing market conditions (including the availability of ready buyers) and the market value of the Property based on a valuation report commissioned by the Vendor (the “**Valuation Report**”). According to the Valuation Report, the basis of valuation is

“market value” and the market value of the Property, in its existing condition, free from all encumbrances and with vacant possession, was RM41,000,000 as at 21 April 2022.

PA International Property Consultants Sdn Bhd (the “**Independent Valuer**”), which is a registered property valuer in Malaysia with the Malaysia Board of Valuers, Appraisers, Estate Agents and Property Managers, was commissioned by the Vendor to perform an independent valuation on the Property. None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Independent Valuer. The valuation is carried out in accordance with the Malaysian Valuation Standards issued by the Malaysia Board of Valuers, Appraisers, Estate Agents and Property Managers.

The purchase of the Property is conditional upon the Purchaser obtaining an independent valuation (the “**Valuation**”) from a registered valuer in Malaysia supporting the Sale Price.

2.4 Terms of Payment

The Sale Price shall be payable by the Purchaser in the manner set out below.

- (a) The Purchaser shall pay 2% of the Sale Price as a refundable earnest deposit (the “**Deposit**”) to the Purchaser’s solicitors as stakeholder (the “**Stakeholder**”), within five working days upon the Vendor’s acceptance of the Letter of Offer. The Deposit shall be released to the Vendor upon the unconditional date (the “**Unconditional Date**”) to be defined in the mutually agreed sale and purchase agreement to be entered into (the “**SPA**”). The Deposit shall be refunded to the Purchaser within seven days of the Vendor’s receipt of the Purchaser’s written notification in any of the following events:
 - (i) the approval by the board of directors of Axis REIT Managers Berhad (the management company of AXIS-REIT) (the “**Manager**”) and/or the Purchaser and/or Bursa Malaysia and/or the Securities Commission Malaysia and/or any other relevant authorities, as the case may be, cannot be obtained within 37 days or any such extended date to be mutually agreed by both parties in writing from the date the complete set of the due diligence documents are forwarded to the Purchaser (the “**Relevant Period**”); or
 - (ii) the terms and conditions of the SPA cannot be mutually agreed between the parties within the Relevant Period; or
 - (iii) the outcome of the financial, valuation, building and/or legal due diligence (the “**Due Diligence**”) of the Property and/or the Vendor, as the case may be, to be completed within the Relevant Period, is not acceptable to the board of directors of the Manager and/or the Purchaser, as the case may be, for any reason whatsoever; or
 - (iv) any relevant laws/guidelines/rulings and/or imposition of any conditions/additional rulings by the relevant authorities and/or stamp office that are not reasonably acceptable to the Purchaser.
- (b) The Purchaser shall pay 8% of the Sale Price upon the execution of the SPA to the Stakeholder, to be released to the Vendor upon the Unconditional Date to be defined in the SPA.
- (c) The balance 90% of the Sale Price shall be paid within 30 days of the Unconditional Date or any such extended date to be mutually agreed by both parties in writing upon all conditions precedent stated in the SPA being met.

2.5 Salient Terms of the Proposed Sale

The conditions of the Proposed Sale include the following, amongst others:

- (a) the result of the Valuation and the Due Diligence shall be acceptable to the Purchaser, such condition to be fulfilled prior to the parties entering into the SPA;
- (b) the successful execution of a tenancy agreement between the Purchaser and the Vendor, with terms including a fixed tenancy term of three years (the “**Tenancy Term**”) and a monthly rental of RM220,804.60;
- (c) any approvals and/or consents that may be necessary or applicable, and/or shareholders’ approval (if required) under the prevailing Malaysian law or Singapore law or the listing rules of the Singapore

Exchange Securities Trading Limited (the “SGX-ST”) or relevant binding contracts, as the case may be, to be obtained by the Company and/or the Vendor and/or the Purchaser for the sale and purchase of the Property;

- (d) the Vendor has erected a guard house and an entrance gate on the neighbouring land measuring approximately 934 square metres (the “Encroached Land”). The Vendor is in the midst of acquiring the Encroached Land from its registered owner, to be sold as part and parcel of the Property to the Purchaser. As such, the Stakeholder shall retain a sum of RM1,000,000 (the “Retention Sum”) from the Sale Price as security for the Purchaser to ensure that the Vendor procures the transfer of the Encroached Land to the Purchaser at the Vendor’s own costs and expenses within the Tenancy Term, failing which the Purchaser shall be entitled to forfeit the entire Retention Sum at the end of the Tenancy Term and to undertake continued negotiations with the registered proprietor of the Encroached Land, at such time and in any manner that the Purchaser deems appropriate; and
- (e) the Vendor shall indemnify the Purchaser against all liabilities, penalties and expenses, if any, resulting from the failure to procure and transfer the Encroached Land to the Purchaser within the Tenancy Term.

In the event that the Vendor is unable to fulfil any of the conditions for any reasons, all deposits paid will be refunded to AXIS-REIT. In addition, if certain specified conditions are not fulfilled by the Vendor, the Vendor will reimburse AXIS-REIT in full all costs incurred for the Proposed Sale.

Subject to all terms being finalised and mutually agreed between the parties, and other conditions referred to in sub-paragraph 2.4(a) above having been fulfilled within the Relevant Period, the parties shall proceed with the execution of the SPA within 14 days working days thereafter.

3. RATIONALE FOR THE PROPOSED SALE

The Board believes that the Proposed Sale is in the best interests of the Group and shareholders of the Company, as it will enable the Group to realise the value of the Property and improve the cashflow of the Group. The Proposed Sale will also provide additional working capital for the Group’s operations.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Sale as computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) and the audited consolidated financial statements of the Group for the financial year ended 28 February 2022 (“FY2022”) are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	The net asset value of assets to be disposed of, as compared with the Group’s net asset value	88.5% ⁽¹⁾
(b)	The net profits attributable to the assets disposed of, as compared with the Group’s net profits	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation	187.0% ⁽³⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Pursuant to Rule 1003(2) of the Catalist Rules, in determining the basis of valuation of any acquisition or disposal of assets other than shares, the value will be assessed by reference to the book value of the assets or, if a valuation has been carried out for the purpose of the acquisition or disposal, the market value of the assets.

Based on the valuation of the Property of RM41,000,000 pursuant to Rule 1003(2) of the Catalist Rules, and the audited net asset value of the Group as at 28 February 2022 of approximately RM46,306,000.

- (2) Rule 1006(b) of the Catalist Rules is not applicable as the Property is not a revenue-generating asset.
- (3) Based on the Sale Price of approximately S\$13,001,000 and the Company's market capitalisation of approximately S\$6,953,000. The market capitalisation of the Company was computed based on the issued share capital of the Company of 135,000,000 ordinary shares ("Shares") and the volume weighted average price of S\$0.0515 per Share on 8 June 2022 (being the last day on which the Shares were traded prior to the date of acceptance of the Letter of Offer).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rules 1006(a) and 1006(c) of the Catalist Rules exceed 50%, the Proposed Sale constitutes a "major transaction" under Rule 1014 of the Catalist Rules. Accordingly, the Company is required to make an immediate announcement of the Proposed Sale and the Proposed Sale is subject to the approval of shareholders of the Company ("Shareholders") in a general meeting.

An extraordinary general meeting will be convened to seek Shareholders' approval for the Proposed Sale (the "EGM"). The notice of EGM, together with a circular in relation to the Proposed Sale, will be sent to Shareholders in due course.

5. FINANCIAL INFORMATION

5.1 Book value of the Property and excess of Sale Price over book value

Based on the audited consolidated financial statements of the Group for FY2022, the book value of the Property as at 28 February 2022 amounted to approximately RM17,770,000.

The excess of the Sale Price over the book value of the Property will amount to approximately RM23,230,000. After deducting estimated expenses in connection with the Proposed Sale of approximately RM1,196,000, the Group will record a net gain on the Proposed Sale of approximately RM22,034,000.

5.2 Use of net proceeds from the Proposed Sale

The estimated net proceeds from the Proposed Sale, after deducting estimated expenses to be incurred in connection with the Proposed Sale of approximately RM1,196,000, is approximately RM39,804,000 (the "Net Proceeds").

The Company has not finalised its intended use of the Net Proceeds as at the date of this announcement and will announce the intended use of the Net Proceeds in due course when it is finalised.

5.3 Financial effects of the Proposed Sale

The pro forma financial effects of the Proposed Sale on the Group set out below are purely for **illustrative purposes only** and are therefore not indicative of the actual future financial position of the Company or the Group after the completion of the Proposed Sale.

The pro forma financial effects of the Proposed Sale have been prepared based on the audited consolidated financial statements of the Group for FY2022, and on the following bases and assumptions:

- (a) the financial effect on the consolidated net tangible assets ("NTA") per Share is computed based on the assumption that the Proposed Sale was completed on 28 February 2022;
- (b) the financial effect on the consolidated loss per Share ("LPS") is computed based on assumption that the Proposed Sale was completed on 1 March 2021; and
- (c) the expenses to be incurred in connection with the Proposed Sale are estimated to be approximately RM1,196,000.

NTA per Share

The financial effect of the Proposed Sale on the NTA per Share is as follows:

As at 28 February 2022	Before the Proposed Sale	After the Proposed Sale
NTA (RM'000)	46,306	68,340
Number of Shares ('000)	135,000	135,000
NTA per Share (RM sen)	34.30	50.62

LPS

The financial effect of the Proposed Sale on the LPS is as follows:

FY2022	Before the Proposed Sale	After the Proposed Sale
Net (loss)/profit attributable to shareholders of the Company (RM'000)	(2,354)	19,976
Weighted average number of Shares (excluding treasury Shares) ('000)	135,000	135,000
(LPS)/Earnings per Share (RM sen)	(1.74)	14.80

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED SALE

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Sale (other than through their respective shareholdings in the Company, if any).

7. SERVICE CONTRACTS

No person will be appointed as a Director to the Board in connection with the Proposed Sale. Accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Letter of Offer and the Valuation Report are available for inspection at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge, Singapore 228095 during normal business hours for three months from the date of this announcement.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Sale, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper

form and context.

10. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company should note that the Proposed Sale is subject to the execution of the SPA, which shall contain certain terms and conditions, and there is no certainty or assurance as at the date of this announcement that the SPA will be executed and/or the Proposed Sale will be completed. The Company will make such announcements as may be necessary or appropriate to update its shareholders as and when there are any material updates in relation to the Proposed Sale. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD VERSALINK HOLDINGS LIMITED

LAW KIAN SIONG
Executive Director and Group Chief Executive Officer
12 July 2022

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

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

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd., at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, telephone: +65 6636 4201.