



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

**RESPONSES TO QUESTIONS RECEIVED FROM A SHAREHOLDER IN RELATION TO THE COMPANY'S
EXTRAORDINARY GENERAL MEETING TO BE HELD ON 25 NOVEMBER 2022 ("EGM")**

*Unless otherwise defined herein or the context otherwise requires, all capitalised terms used herein shall bear the meanings ascribed thereto in the Company's circular to shareholders dated 3 November 2022 (the "**Circular**").*

The board of directors (the "**Board**" or "**Directors**") of Versalink Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Notice of EGM issued by the Company on 3 November 2022 (the "**Notice**").

As at the stipulated deadline for submission of questions in advance of the EGM as set out in the Notice, the Company has received the following questions from a Shareholder in relation to the Proposed Transactions, and the Board wishes to provide the Company's responses to these questions as set out below.

Question 1:

*Has the demand for the Company's products picked up since first half ended August 2022 as back to office continues across the world? Has the weaker Ringgit Malaysia ("**RM**") exchange rate been favourable in attracting more demand for the Company's products?*

Company's response:

The demand for the Group's products in the export market has picked up after the Malaysian government announced that Malaysia was transitioning to the endemic phase of COVID-19 from 1 April 2022 and with the relaxation of COVID-19 restrictions in other countries across the world. However, the demand for the Group's products in the domestic market has not picked up due to the sluggish economic environment.

The Group has not seen more demand for its products arising from the weaker RM mainly due to the instability of the global economic environment, but the Group has recorded a foreign exchange gain arising from the weaker RM against other currencies such as United States Dollar. However, the continuation of global interest rate hike, the rising inflation rate and the increase of monthly minimum wages in Malaysia with effect from 1 May 2022, have impacted the Group's financial results negatively.

Question 2:

- 1) Does the Company intend to relocate after the 3 years lease? The monthly rental seems rather high (understandably because it is part of the sale and leaseback deal). Does the Company intend to source for a cheaper location after the 3-year lock in?*
- 2) I noticed that the Company has made several changes to the projected net profit and net asset value from the deal for each announcement and citing accounting for sale and leaseback as a reason each time. May I know why the number keeps changing? Does the Company account for the future rental as a liability already, hence, recording less profit currently?*

Company's response:

- 1) Yes.

- 2) The changes made to the *pro forma* financial effects on net profit and net tangible assets (which is the same as the net asset value) are mainly due to:
- (a) the recognition of the accounting of the Proposed Sale as a sale and leaseback of the Property, instead of only a sale of the Property;
 - (b) a higher interest rate being used for the computation of the right-of-use asset and lease liability in relation to the leaseback of the Property; and
 - (c) the recognition of lease liability for the future 3 years' rental payment in relation to the leaseback of the Property.

The Company wishes to highlight that the *pro forma* financial effects of the Proposed Transactions on the Group have been prepared based on the audited consolidated financial statements of the Group for FY2022, and on the bases and assumptions as set out under section 4.1 of the Circular. Please refer to section 4 of the Circular for more information on the *pro forma* financial effects of the Proposed Transactions.

**BY ORDER OF THE BOARD
VERSALINK HOLDINGS LIMITED**

LAW KIAN SIONG
Executive Director and Group Chief Executive Officer

18 November 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 Catalyst.

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

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