



VersaLink[™] INTERNATIONAL

Versalink Holdings Limited
(201411394N)

ANNUAL REPORT 2023



This annual report 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 (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

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.

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ACOUSTIC
Compact Pod (Work)



Versalink Holdings Limited (“Versalink” or the “Company”, and together with its subsidiaries, the “Group”) is one of the leading and established manufacturers of mid to high-end System Furniture both in Malaysia and in the world.

Versalink was established in 1991 and was listed on the Catalist board of the Singapore Exchange on 24 September 2014. 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 Original Equipment Manufacturers (“OEM”) basis that can be tailored to its customers’ specifications.

In addition, the Group supplies ancillary products such as seating models and work tools that are sourced from third party manufacturers. The Group is also the reseller for various established international third-party brands of premium office furniture.

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

Today, after more than three decades, Versalink has built a wide customer base who are located in more than 40 countries in Australasia, Asia, Middle East, Africa and North America. Its customers include architects, contractors, corporate customers, dealers, designers and OEM customers, both in Malaysia as well as overseas.

Versalink’s manufacturing plant is located at Lot 6119, Jalan Haji Salleh, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia, which is strategically located near to Port Klang, one of the seven major ports in Malaysia to facilitate the distribution of furniture.

Since its establishment, Versalink has and will continue to develop, design and produce modern system furniture. The Group has achieved numerous awards and certifications over the years, which is a testament to Versalink as one of the key players in the system furniture industry in Malaysia.

The Group dedicates its resources to continuous research and development to ensure that its system furniture remains in the forefront of revolutionary design. In addition, the Group devotes its resources to giving back to society by implementing various corporate socially and environmentally responsible practices.

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

Domestic Sales

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 the Group’s showroom located at Versalink’s manufacturing plant. Other Domestic Sales are derived from sales made to distributors, resellers and retailers, and OEM customers.

Export Sales

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

BOARD OF DIRECTORS

Datuk Lim Tong Lee <i>Independent Non-Executive Chairman</i>	Sho Kian Hin <i>Independent Non-Executive Director</i>	Dato' Dr Lee Chung Wah <i>Executive Director</i>
Law Kian Siong (Matthew Law) <i>Executive Director and Group Chief Executive Officer</i>	Law Pei Ling (Arica Law) <i>Non-Independent Non-Executive Director</i>	

AUDIT COMMITTEE

Sho Kian Hin
(Chairman)
Datuk Lim Tong Lee
Law Pei Ling (Arica Law)

NOMINATING COMMITTEE

Datuk Lim Tong Lee
(Chairman)
Sho Kian Hin
Law Pei Ling (Arica Law)

REMUNERATION COMMITTEE

Sho Kian Hin
(Chairman)
Datuk Lim Tong Lee
Law Pei Ling (Arica Law)

COMPANY SECRETARY

Seah Kim Swee

REGISTERED OFFICE

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

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E: ir@versalink.com
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SHARE REGISTRAR &
SHARE TRANSFER OFFICE

**Boardroom Corporate &
Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

AUDITORS

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

T: (65) 6533 7600
F: (65) 6594 7811

SPONSOR

ZICO Capital Pte. Ltd.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

*Audit Partner-in-charge: See Ling Ling, Helen (Chartered Accountant
Singapore, a member of the Institute of Singapore Chartered Accountants)
(Effective from financial year ended 28 February 2021)*

PRINCIPAL PLACE OF BUSINESS

Lot 6119, Jalan Haji Salleh
Batu 5 ½, Off Jalan Meru, 41050 Klang
Selangor Darul Ehsan, Malaysia

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

PRINCIPAL BANKERS

AmBank (M) Berhad
4, 1st Floor, Jalan Puteri 1/1
Bandar Puteri, 47100 Puchong
Selangor Darul Ehsan, Malaysia

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

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



Datuk Lim Tong Lee

Independent Non-Executive Chairman

Datuk Lim Tong Lee was appointed as an Independent Non-Executive Director on 18 April 2019 and was appointed as the Independent Non-Executive Chairman of the board of directors (the “**Board**”) of the Company on 8 March 2022. He is currently the Chairman of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee of the Company.

Datuk Lim Tong Lee has over 30 years of working experience in private equity, corporate finance and auditing. He was in KGI Fraser Securities Pte Ltd, Singapore from 2015 to 2017 as Head of Corporate Finance, Venstar Capital Management Pte Ltd, Singapore, from 2014 to 2015 as Senior Vice President, AmWater Investments Management Pte Ltd in 2013 as Chief Investment Officer and AmFraser Securities Pte Ltd, Singapore from 2007 to 2012 as Director/Head of Corporate Finance.

He was with AmInvestment Bank Berhad from 1995 to 1997 and from 1999 to 2007 with his last position as Director of Corporate Finance. He was attached to Ernst & Young, Kuala Lumpur office for 5 years prior to joining AmInvestment Bank Berhad in 1995. Between 1997 to 1999, he was employed as the General Manager, Corporate Finance of a property development company in Malaysia.

Datuk Lim Tong Lee is a Fellow Member of Association of Chartered Certified Accountants, United Kingdom, as well as a Member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Datuk Lim Tong Lee was re-appointed as the Independent Non-Executive Chairman on 29 June 2022. He is retiring pursuant to Article 114 of the Company’s Constitution and will be seeking re-election at the upcoming Annual General Meeting.

Other Present Listed Directorships:

Harrisons Holdings (Malaysia) Berhad
SIAB Holdings Berhad

Past Listed Directorships (Preceding Five Years):

Valuemax Group Limited
LBS Bina Group Berhad

Law Kian Siong (Matthew Law)

Executive Director and Group Chief Executive Officer



Matthew Law was appointed as an Executive Director on 21 August 2014. He joined the Group in January 1994 and was appointed as Chief Executive Officer (“CEO”) of the Group since 2012.

As the CEO, Matthew Law 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, research and development, warehouse, quality assurance, logistics 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 on the Board of Trustee of the Malaysian Timber Council, the Secretary General of the Malaysian Furniture Council and the President of the KL and Selangor Furniture Association.

Matthew Law was re-appointed as an Executive Director on 29 June 2022.

Other Present Listed Directorship:

NIL

Past Listed Directorship (Preceding Five Years):

NIL



Dato' Dr Lee Chung Wah

Executive Director

Dato' Dr Lee Chung Wah was appointed as an Independent Non-Executive Director on 7 October 2020 and was appointed as the Independent Non-Executive Chairman of the Board on 1 September 2021. He was re-designated as an Executive Director on 8 March 2022. Dato' Dr Lee Chung Wah is responsible to set proactive new business goals and objectives and translate such goals and objectives into actions; to lead business decisions to drive the growth of the Group; to identify key personnel to determine competencies required to attain business goals/objectives and to work efficiently and effectively with the management; to lead, manage and develop the team to be effective, unite with the same vision and be motivated to bring that vision to life; to identify potential risks and opportunities within the Group and its environment to protect business interests; and to identify potential sources of investment and organize fundraising efforts.

Dato' Dr Lee Chung Wah spent more than a decade in financial technology when he assumed the position of CEO and Executive Director of J&C Pacific Sdn Bhd (a subsidiary of INSAS Berhad, which is listed on the Main Board of Bursa Malaysia) from 2009 to 2016. He was in charge of several business units in Asean region. As a serial techno entrepreneur and investor, he is one of the partners of International Supply Chain Alliance Limited, Hong Kong, a leading supply chain and logistics platform internet company which owns www.oym56lm.com with main operations in the Greater China.

As an active Fintech entrepreneur, Dato' Dr Lee Chung Wah was listed as an inventor to several granted patents under the Patent Cooperation Treaty and World Intellectual Property Organization in Australia, Singapore, United States of America and others. Prior to that, he was the General Manager of INSAS Berhad from 2006 to 2007. He also served as an Independent Non-Executive Director of Jadi Imaging Holdings Berhad, which is listed on the Main Board of Bursa Malaysia, of which he was a member of the Audit Committee and the Nomination Committee from 2018 to 2021.

Presently, Dato' Dr Lee Chung Wah sits on the board of The One Smart City Limited, Hong Kong, a company related to China High Precision Automation Group Limited, which is listed on the Hong Kong Stock Exchange, as a Non-Executive Director. Further, he is also a Non-Executive Director of Salcon WP Sdn Bhd, a subsidiary of Salcon Berhad, which is listed on the Main Board of Bursa Malaysia.

Dato' Dr Lee Chung Wah graduated with a Bachelor of Business from University of Southern Queensland, Australia, a Postgraduate Certificate in Business Administration from University of Staffordshire, UK and a Doctorate of Business Administration from University of Atlanta, USA.

Dato' Dr Lee Chung Wah was re-appointed as an Independent Non-Executive Director on 29 June 2021. He is retiring pursuant to Article 114 of the Company's Constitution and will be seeking re-election at the upcoming Annual General Meeting.

Other Present Listed Directorship:

NIL

Past Listed Directorship (Preceding Five Years):

Jadi Imaging Holdings Berhad



Sho Kian Hin (Eric Sho)

Independent Non-Executive Director

Eric Sho was appointed as an Independent Non-Executive Director on 1 September 2021. He is currently the Chairman of the Audit Committee and the Remuneration Committee as well as a member of the Nominating Committee of the Company.

Eric Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring the group tax optimization.

Eric Sho started off his professional training with Victor & Company in 1990. From 1995, he was with Ernst & Young Kuala Lumpur as an Assurance and Advisory Business Service Manager and he left in 2002 to join the private sector.

In 2007, Eric Sho was appointed as Executive Director and Chief Financial Officer of China Farm Equipment Limited (the “**China Farm Equipment**”), a company formerly listed on the Mainboard of the Singapore Exchange. He was responsible for, amongst others, planning and management of the China Farm Equipment’s financial and taxation matters. He acted as the key liaison person with the stock exchange, supervised compliance with corporate governance, and handled investor relations, regional roadshows as well as funding options for China Farm Equipment. After the China Farm Equipment was privatized in 2013, Eric Sho remained involved in the ongoing corporate exercise to list its assets in China until 2017.

Currently, Eric Sho also serves as an Independent Non-Executive Director and Chairman of the Audit Committee of OUE Healthcare Limited, Quantum Healthcare Limited, and Choo Chiang Holdings Ltd., which are listed on the Catalist Board of the Singapore Exchange.

Eric Sho is a fellow member of the Association of Certified Chartered Accountants and a member of the Singapore Institution of Directors.

Eric Sho was re-appointed as an Independent Non-Executive Director on 29 June 2022.

Other Present Listed Directorships:

Quantum Healthcare Limited
OUE Healthcare Limited
Choo Chiang Holdings Ltd.

Past Listed Directorships (Preceding Five Years):

QT Vascular Ltd.
Sim Leisure Group Ltd.



Law Pei Ling (Arica Law)

Non-Independent Non-Executive Director

Arica Law was appointed as the Non-Independent Non-Executive Director on 24 May 2022. She is currently a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company.

She joined the Group in June 1995 and was appointed as an Executive Director and the Chief Operating Officer of the Group in 2014. On 13 July 2018, she was re-designated to Executive Director – Corporate Strategy. With over 20 years of experience in the furniture industry, she was responsible for strategic planning, business and corporate development as well as evaluation and execution of the Group's investments and acquisitions. She ceased as an Executive Director on 7 October 2020 and left the employment of the Group on 28 February 2021 to further her study of Doctoral Degree and pursue personal interests.

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

Arica Law was re-appointed as a Non-Independent Non-Executive Director on 29 June 2022.

Other Present Listed Directorship:

NIL

Past Listed Directorship (Preceding Five Years):

Versalink Holdings Limited

Law Kian Guan (Adam Law)

Director of the Company's subsidiaries

Adam Law joined the Group in September 2005 and was appointed as an Executive Director of the Company on 21 April 2014. He voluntarily resigned as Executive Director on 8 March 2022 and remains with the Group as a Director of the Company's subsidiaries.

Adam Law has more than 15 years of experience in the furniture industry. He oversees the progress and achievement of special projects of the Group including furniture manufacturing processes and other special projects as directed by management of the Company from time to time. He is in charge of the production, 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 and technical departments.

Adam Law holds a National Technical Certificate Grade 3 in Motor Vehicle Mechanics and a Certificate of Apprenticeship in Automotive 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.

Kong Seong Hee

Chief Financial Officer

Kong Seong Hee joined the Group as Chief Financial Officer of the Company in July 2021. He is responsible for all matters relating to financial management including, but not limited to, providing strategic and financial guidance to ensure that the Company's financial commitments are met, fully complying with relevant regulations, financial reporting standards and policies, which include best practices in corporate governance aligned to safeguard the Company's business model and assets.

Prior to passing the professional examinations conducted by the then Malaysian Association of Certified Public Accountants in 1997, Kong Seong Hee started his career as an Audit Assistant for KPMG Desa Megat & Co (now known as KPMG) from December 1989 and he left as an Audit Supervisor in October 1995.

Kong Seong Hee has considerable experience in the multinational companies before joining the Group. From October 2017 to July 2021, he was General Manager, Group Finance and Compliance Officer for Volkswagen Group Malaysia Sdn Bhd (a subsidiary of Volkswagen AG which is listed on the Frankfurt Stock Exchange, Germany). He was General Manager (Financial Operations) for Nirvana Memorial Park Sdn Bhd (a subsidiary of Nirvana Asia Ltd, which was listed on the Hong Kong Stock Exchange) from July 2016 to July 2017, Financial Controller for Southern Steel Mesh Sdn Bhd (a subsidiary of Southern Steel Berhad, which is listed on the Main Market of Bursa Malaysia) from October 2015 to June 2016, General Manager (Finance) for Palmgold Corporation Sdn Bhd from June 2012 to October 2015 and Chief Finance Officer for Focus Point Vision Care Group Sdn Bhd (a subsidiary of Focus Point Holdings Berhad, which is listed on the ACE Market of Bursa Malaysia) from December 2010 to May 2012.

Kong Seong Hee is a Chartered Accountant of Malaysian Institute of Accountants, a member of Malaysian Institute of Certified Public Accountants, Chartered Tax Institute of Malaysia and Institute of Internal Auditors of Malaysia, as well as a Certified Financial Planner of Financial Planning Association of Malaysia.

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.

Len Kwai Keong started as an apprentice in the production line of the Group for 8 years learning how to make furniture. In 2011, he was transferred to the Research and Development Department of the Group 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, has completed advanced training in Inventor 2008: Advanced Part Modeling, Solid Edge with Synchronous Technology, Autodesk and 3Ds Max.



MISSION

Our mission is to create good impact in all that we do, through conscious business ethics where we develop best business practices and policies that lead us to operate based on Higher Consciousness decision-making and actions, and to experience higher levels of success, a more satisfied workforce, growth and longevity. We practice mindful awareness and do what is best for the whole by considering the impact on our employees, customers, suppliers, shareholders, the environment, and our community for each choice made, so as to ensure a strong foundation of integrity, support, good-will and ethical behaviour in businesses.

VISION

Our ultimate vision is to become a conscious-centred ethical global company, where we incorporate social goals in all our business goals, so as to maximise improvements in financial, social and environment well-being for all our stakeholders and the Mother Earth.



CORE VALUES

1 ACT WITH INTEGRITY

We believe that everything starts with integrity. We act with integrity and being honest, doing the right thing even when no one is watching

2 RESPECT OURSELVES AND OTHERS

We treat ourselves and others with dignity and respect, while being tolerant and accepting of differences. We are mindful of our own thoughts, words and action at all times.

3 KEEP OUR COMMITMENTS

We keep our commitments by leading ourselves to do our best. We persevere and never give up.

4 BEING RESPONSIBLE

We believe that we ourselves are responsible for everything that we do and every outcome of our own thoughts, words and actions. We do not blame others. We work together to achieve our goals as a team towards our common vision and goals.

5 POSITIVE ATTITUDE

We believe that with the right mental attitude while staying positive at all times, everything is possible.

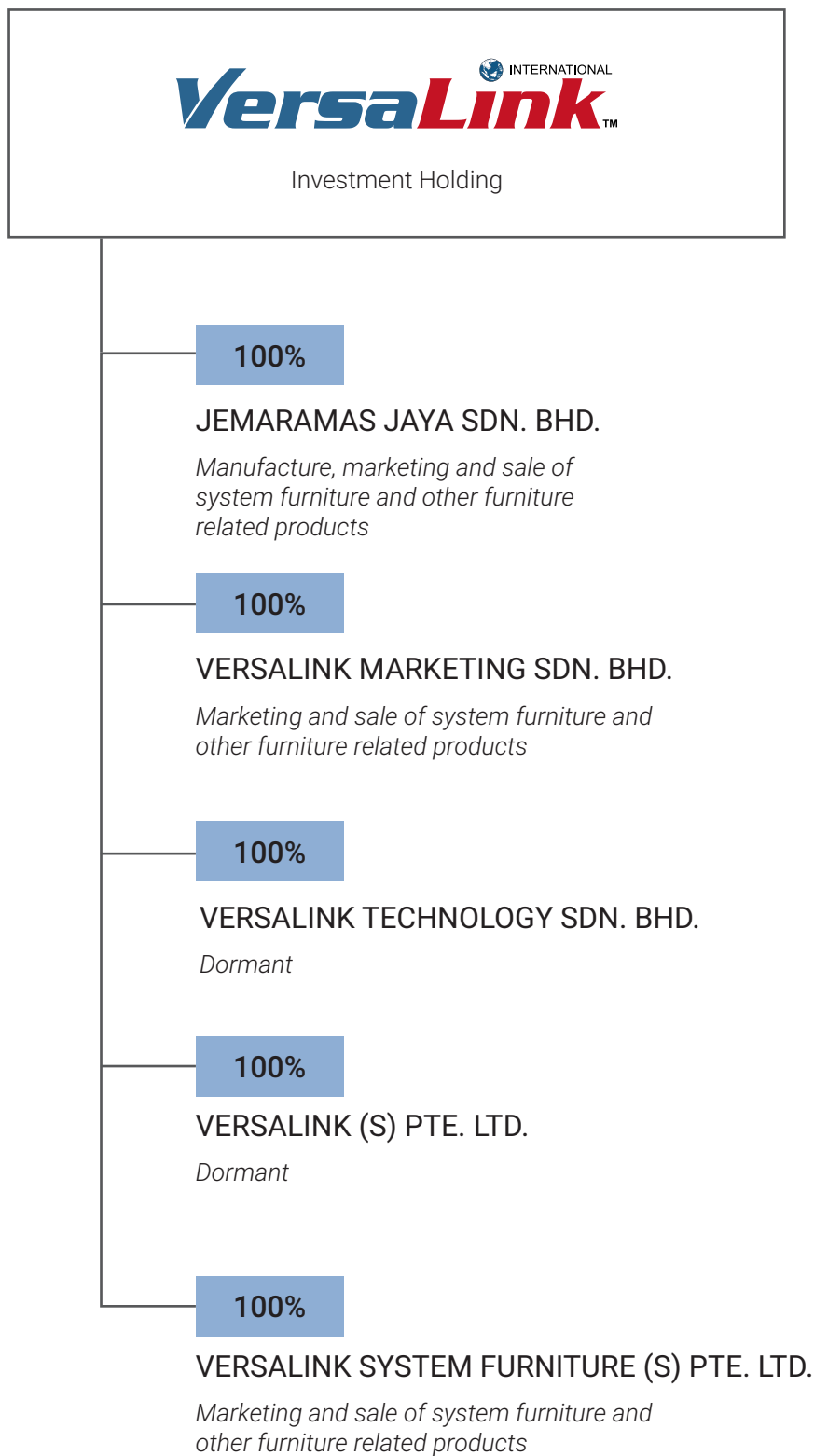
With this, we would then be able to achieve prosperity in our lives, not only financially, but also love, health and happiness for ourselves and the people around us.

6 SHARING AND CARING

It is our nature and joy to share and care. We believe that we have the abundance of wealth, knowledge, skills and experiences to share with everyone.

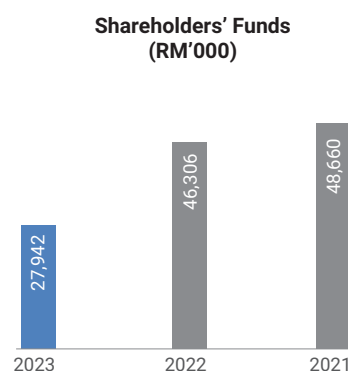
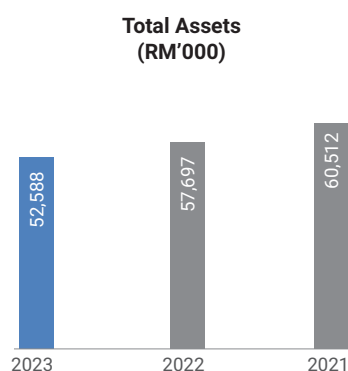
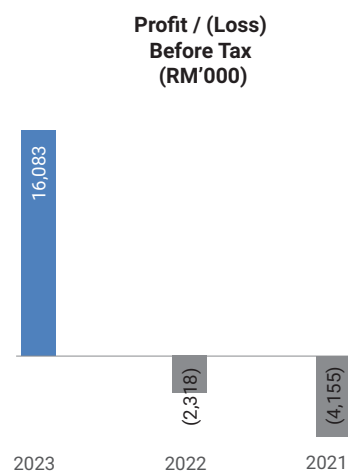
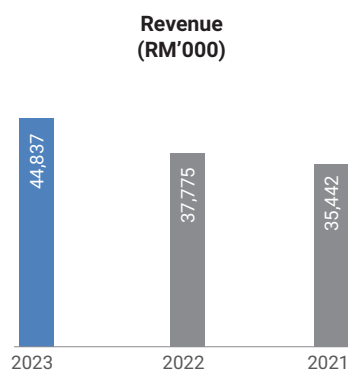
7 STRIVE TO BE MORE

We always strive to be more through action, learning, experiencing and growing.



GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR	FY2023 RM'000	FY2022 RM'000	FY2021 RM'000
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	44,837	37,775	35,442
Profit / (Loss), before tax	16,083	(2,318)	(4,155)
Profit / (Loss), net of tax attributable to owners of the Company	15,797	(2,354)	(4,201)
Statement of Financial Position			
Total assets	52,588	57,697	60,512
Equity attributable to owners of the Company (Shareholders' Funds)	27,942	46,306	48,660
Share capital	36,435	62,513	62,513
Ratios			
Earnings / (Loss) per share (sen)			
- On weighted average number of ordinary shares in issue	11.70	(1.74)	(3.11)
- On fully diluted basis	11.70	(1.74)	(3.11)





ACOUSTIC Soundproof POD

Modular Space for Every Office



Datuk Lim Tong Lee
*Independent Non-Executive
Chairman*

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) 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 2023 (“**FY2023**”).

FINANCIAL PERFORMANCE

REVENUE

The Group's revenue for FY2023 was approximately RM44.84 million, an increase of approximately RM7.06 million or 18.7% as compared to approximately RM37.78 million reported in the previous financial year ended 28 February 2022 ("FY2022").

The revenue contribution by export segment amounted to 74.9% and 76.5% of the Group's total revenue in FY2023 and FY2022 respectively whilst the revenue contribution by domestic segment amounted to 25.1% and 23.5% of the Group's total revenue in FY2023 and FY2022 respectively.

- **Export Segment**

The export segment recorded a higher revenue of approximately RM33.6 million in FY2023, as compared to approximately RM28.9 million in FY2022. The increase in revenue of approximately RM4.7 million was mainly contributed by the increase in revenue from the end customers of Middle East and Asia countries of approximately RM5.5 million from approximately RM9.90 million in FY2022 to approximately RM15.4 million in FY2023.

- **Domestic Segment**

The domestic segment also recorded a higher revenue of approximately RM11.2 million in FY2023, as compared to approximately RM8.9 million in FY2022. The increase in revenue of approximately RM2.3 million was mainly due to higher revenue generated from the central region of Peninsular Malaysia ("**Central Region**"). Central Region revenue increased by approximately RM3.0 million from approximately RM5.8 million in FY2022 to approximately RM8.8 million in FY2023.

The increase in revenue for both segments in FY2023 was mainly due to the recovery of the Group's production activities in FY2023 to pre-pandemic levels whilst the Group's production activities in FY2022 were affected by two and a half months pandemic production halted under the Malaysia nationwide Full Movement Control Order (FMCO 3.0) which started from 1 June 2021.

GROSS PROFIT

The gross profit and gross profit margin improved from approximately RM8.5 million and 22.4% in FY2022 to approximately RM11.5 million and 25.7% in FY2023. The increases in gross profit and gross profit margin were in tandem with the increase in the Group's revenue by 18.7%, while the Group's cost of sales increased by 13.7% due to enhanced cost control measures implemented by the Group during FY2023.

The gross profit and gross profit margin for export segment increased from approximately RM6.3 million and 21.8% in FY2022 to approximately RM8.3 million and 24.7% in FY2023. The gross margin and gross profit margin improved mainly due to the improvement in productivity, i.e. reduction of staff cost at 14.6% of export revenue in FY2023 (FY2022: 16.0%) and reduction of production overhead at 9.4% of export revenue in FY2023 (FY2022: 11.3%), as a result of enhanced cost control measures implemented by the Group during FY2023, partially offset against increase of direct material consumption at 55.5% of export revenue in FY2023 (FY2022: 54.0%).

The gross profit and gross profit margin for domestic segment also increased from approximately RM2.2 million and 24.7% in FY2022 to approximately RM3.2 million and 28.6% in FY2023 mainly due to the enhanced cost control measures implemented by the Group during FY2023.

INTEREST INCOME

Interest income increased by approximately RM0.04 million from approximately RM0.22 million in FY2022 to approximately RM0.26 million in FY2023 mainly due to the increase in interest income from banks of approximately RM0.21 million in FY2023 (FY2022: approximately RM0.07 million), partially offset against the reduction in interest income from associate of approximately RM0.05 million in FY2023 (FY2022: approximately RM0.15 million).

OTHER INCOME AND GAINS

Other income and gains increased from approximately RM1.49 million in FY2022 to approximately RM20.06 million in FY2023 mainly due to an one-off gain on disposal of property, plant and equipment of approximately RM19.15 million in FY2023 (FY2022: approximately RM0.14 million), partially offset by the lower insurance claims of approximately RM0.26 million in FY2023 (FY2022: approximately RM0.68 million) and absence of foreign exchange gain and HRDF claim for COVID vaccination in FY2023 (FY2022: approximately RM0.04 million and RM0.03 million respectively). For more information on the disposal of property, please refer to the Company's announcements dated 12 July 2022, 23 September 2022, 3 November 2022 and 2 December 2022.

MARKETING AND DISTRIBUTION EXPENSES

Marketing and distribution expenses decreased by approximately RM0.04 million or approximately 1.0% from approximately RM3.75 million in FY2022 to approximately RM3.71 million in FY2023. This was mainly due to the decreases of professional legal fees for the legal case with Ahmad Zaki Sdn Bhd, of approximately RM0.09 million in FY2023 (FY2022: approximately RM0.13 million). For more information on the legal case, please refer to the Company's announcement dated 9 May 2023.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RM2.72 million or approximately 46.8% from approximately RM5.80 million in FY2022 to approximately RM8.52 million in FY2023. This was mainly due to the increase of (i) staff costs of approximately RM0.83 million; (ii) levy expenses for foreign employees of approximately RM0.29 million; (iii) professional fees incurred for the disposal of property of approximately RM1.40 million; and (iv) depreciation of right-of-use assets relating to the leaseback of property, which commenced during FY2023, of approximately RM0.27 million (FY2022: Nil), partially offset against consultancy fees of approximately RM0.01 million (FY2022: approximately RM0.08 million).

OTHER LOSSES

Other losses increased by approximately RM0.52 million or approximately 18.7% from approximately RM2.80 million in FY2022 to approximately RM3.32 million in FY2023 mainly due to increase of (i) plant and equipment written off of approximately RM1.76 million mainly due to unsuccessful completion of capital work-in-progress (FY2022: approximately RM0.06 million); and (ii) realised and unrealised foreign exchange loss of approximately RM0.18 million and RM0.39 million respectively in FY2023, due to weakening of Malaysia ringgit against foreign currencies as well as foreign currency translation loss due to the payment of dividends by the Company in Singapore dollars (FY2022: Nil); partially offset against allowance for impairment on trade receivables of approximately RM0.15 million as lesser allowance for impairment on trade receivables was recorded for FY2023 (FY2022: approximately RM1.46 million) and absence of allowance for impairment on associates (FY2022: approximately RM0.44 million).

FINANCE COSTS

Finance costs increased from approximately RM0.15 million in FY2022 to approximately RM0.21 million in FY2023 due to increase in interest of lease liability of approximately RM0.08 million (FY2022: Nil), partially offset against decrease in interest of bankers' acceptance of approximately RM0.07 million in FY2023 (FY2022: approximately RM0.09 million).

INCOME TAX EXPENSE

Income tax expense comprises current income tax expense, under provision for taxation in prior years and deferred tax adjustments. Provision of current year taxation amounted to RM0.05 million provided for in FY2023 while RM0.01 million was provided for in FY2022. Under provision of taxation in FY2023 was RM0.01 million while FY2022 was RM0.03 million. Deferred tax adjustment of RM0.23 million was made in FY2023 (FY2022: Nil).

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

As a results of the above, the Group reported a net profit after tax of approximately RM15.80 million in FY2023 as compared to a net loss after tax of approximately RM2.35 million in FY2022.

WORKING CAPITAL POSITION

The Group reported a positive working capital position of approximately RM21.87 million as at 28 February 2023, as compared to approximately RM18.24 million as at 28 February 2022.

LIQUIDITY

As at 28 February 2023, the Group recorded cash and cash equivalents of approximately RM24.42 million as compared to approximately RM8.07 million as at 1 March 2022.

Net cash from operating activities for FY2023 amounted to approximately RM4.47 million. This was mainly due to (i) operating cash inflows before changes in working capital of approximately RM0.24 million; (ii) net working capital inflows of approximately RM2.42 million mainly due to the decrease in inventories of approximately RM4.50 million, increase in provision of approximately RM0.84 million, partially offset against the decrease of trade and other payables of approximately RM0.27 million, increase in trade and other receivables of approximately RM0.07 million and increase in other non-financial assets of approximately RM1.73 million; and (iii) income taxes refunded of approximately RM0.22 million.

Net cash from investing activities for FY2023 amounted to approximately RM41.36 million. This was mainly due to proceeds from the disposal of property, plant and equipment totaling approximately RM40.06 million (which comprised mainly the proceeds from the disposal of property), repayment from associates of approximately RM1.51 million and interest income received of approximately RM0.21 million, partially offset by the purchase of plant and equipment of approximately RM0.47 million.

Net cash used in financing activities for FY2023 amounted to approximately RM29.48 million. This was mainly due to (i) cash distribution to shareholders pursuant to the capital reduction of approximately RM26.08 million; (ii) repayment of bank loan, hire purchase and bankers' acceptance and lease liabilities of approximately a total of RM3.26 million; and (iii) interest paid of approximately RM0.13 million.

DIVIDEND STATEMENT

The Board had declared an interim cash dividend of 1.8 Singapore cent per share for the third quarter ended 30 November 2022, but no final dividend was declared or recommended for FY2023 (FY2022: Nil) as the Group deems it appropriate to retain cash for its operations. The total interim dividend of RM8.08 million was paid to shareholders on 16 March 2023.

FUTURE PROSPECTS

The global economy continues to face many challenges such as on-going geo-political tensions in Russia-Ukraine conflict and the recent collapse of 2 US banks, US Federal Reserve announcement on series of interest rate hikes to tackle high inflation rates, volatility in foreign exchanges and disruptions to the global supply chain.

The Group remains cautious and expects the manufacturing section to be challenging for financial year 2024. The Group is continuing with concerted efforts to develop new products, new design for existing products, derive better cost efficiencies and effective cost control across all departments and divisions.



ACKNOWLEDGMENT AND APPRECIATION

On behalf of the Board, I would like to express our gratitude and appreciation to all Versalink's employees for their dedication, diligence, hard work and loyalty.

I would like to also extend our sincere thanks to all our customers, suppliers, principals, business associates, financiers and government authorities for their assistance and continued support towards the Group.

To my fellow members of the Board, thank you for your commitment and contribution as we journey together to steer the Group to greater heights. Last but not least, I would like to express our sincere gratitude to our valued shareholders for their continuous support and confidence in Versalink.

We look forward to greater achievements for the Group in the financial year ending 29 February 2024 and beyond.

Datuk Lim Tong Lee

Independent Non-Executive Chairman

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

At Versalink, we believe in making a positive impact in the local communities we serve. We are proud to announce our recent donation of 297 storage cabinets to Sekolah Jenis Kebangsaan (C) Sungai Buloh, an educational institution, situated in Sungai Buloh, Selangor. This contribution is part of our ongoing commitment to support educational institutions and enhance the learning environment for students. We recognize that the quality of education is influenced by various factors, including access to suitable infrastructure and resources. By donating these storage cabinets, we aim to alleviate some of the challenges faced by Sekolah Jenis Kebangsaan (C) Sungai Buloh, providing them with a valuable asset that will enhance their educational facilities.

We understand that adequate storage space is crucial for any educational institution. These cabinets will help Sekolah Jenis Kebangsaan (C) Sungai Buloh efficiently organize and store various learning materials, books, supplies, and other resources. By doing so, we hope to create a conducive learning environment that promotes student engagement and facilitates effective teaching practices. Our commitment to corporate social responsibility extends beyond mere philanthropy. We firmly believe that education is a catalyst for societal progress, and every child deserves access to quality education.

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 are the certificate holders of ISO9001 and ISO14001. We use raw material ethically sourced from sustainably-managed forests for certified chipboards from reputable certification bodies such as the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) to show our commitment to environment preservation and sustainability.

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.

Further information on the above will be disclosed in the Group's sustainability report for the financial year ended 28 February 2023, which will be published by the Company on the SGXNet and the Company's corporate website by 30 June 2023.



The board of directors (the “**Board**” or “**Directors**”) of Versalink Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is 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 corporate governance report (this “**Report**”) describes the Group’s corporate governance practices currently in place with specific reference made to the principles of the Code of Corporate Governance 2018 (the “**Code**”) and, where applicable, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

The Board is pleased to confirm that, for the financial year ended 28 February (“**FY**”) 2023, the Group has adhered to the principles of the Code, and the provisions of the Code (except where otherwise explained). Where there are deviations from the provisions of the Code, appropriate explanation have been provided, and how the practices the Group had adopted are consistent with the intent of the relevant principle of the Code. The Group will continue to assess its needs and implement appropriate practices accordingly.

A. BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1:

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is responsible for overall corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company. The Board recognizes that Directors are fiduciaries who should act objectively in the best interests of the Group and hold the management of the Company (“**Management**”) accountable for performance. The Board supervises the Management on the businesses and affairs of the Company and is accountable to shareholders of the Company for the management and performance of the Group’s businesses. The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Group. Directors facing conflicts of interest recuse themselves from discussions and making decisions involving the issues of conflict.

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’s performance;
- (d) identify the key stakeholder groups and recognize 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 the Company’s listing on the SGX-ST and are chaired by Independent Non-Executive Directors. The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

Please refer to the respective principles in this Report for further information on the composition, terms of reference and operating procedures, as well as activities of each Board Committee.

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 number of meetings held by the Board, Board Committees, Annual General Meeting of the Company ("AGM") and Extraordinary General Meeting of the Company ("EGM") and attendance thereat during FY2023 are as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee		AGM		EGM	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Datuk Lim Tong Lee	4	4	4	4	1	1	1	1	1	1	1	1
Mr Law Kian Siong ("Matthew Law")	4	4	4	4 [^]	1	1 [^]	1	1 [^]	1	1	1	1
Mr Law Kian Guan ("Adam Law") ¹	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr Law Boon Seng ("Roland Law") ²	4	1	4	1 [^]	1	1	1	1 [^]	N.A.	N.A.	N.A.	N.A.
Dato' Dr Lee Chung Wah ³	4	4	4	3 [^]	N.A.	N.A.	N.A.	N.A.	1	1	1	1
Mr Sho Kian Hin	4	4	4	4	1	1	1	1	1	1	1	1
Ms Law Pei Ling ("Arica Law") ⁴	4	3	4	3	N.A.	N.A.	N.A.	N.A.	1	1	1	1

¹ Resigned as Director of the Company on 8 March 2022 and remains as a key executive officer of the Company.

² Resigned as Director of the Company on 16 May 2022.

³ Re-designated from Independent Non-Executive Chairman to Executive Director on 8 March 2022.

⁴ Appointed as Director of the Company on 24 May 2022.

[^] By invitation.

N.A. Represents Not Applicable.

Directors are provided with board papers and related materials, background or explanatory information relating to matters to be brought before the Board, on a timely basis prior to each Board and Board Committee meetings to enable the Board to make informed decisions. The Board also has separate and independent access to Management, the Company Secretary and external advisors (if necessary) at the Company's expense. Directors are entitled to request additional information from Management as and when required.

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 Director will also be provided with a formal letter of appointment setting out their duties, obligations and terms of appointments. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company, organized by the Singapore Institute of Directors as required under Rule 406(3)(a) of the Catalist Rules, to familiarize such person with the relevant rules and regulations governing a listed company as well as to attend other courses relating to areas such as accounting, legal and industry specific knowledge as appropriate, organized by other training institutions. During FY2023, Ms Arica Law was appointed as a Non-Independent Non-Executive Director of the Company on 24 May 2022. As Ms Arica Law was previously the Executive Director of the Company from 2014 to 2020, she did not receive the aforementioned orientation programs from the Company as she is familiar with the Group's operations, business issues and the relevant regulations and governance requirements. Ms Arica Law had received the formal letter of appointment from the Company. As Ms Arica Law has prior experience as a director of an issuer listed on the SGX-ST, she is not required to undertake the prescribed training pursuant to Rule 406(3)(a) of the Catalist Rules.

The Directors are provided with regular updates on pertinent developments in the Group's business and governance standards, including changes in laws and regulations, financial reporting standards and industry-related matters, to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority and other relevant regulatory bodies which are relevant to the Group and/or Directors are circulated to the Board. 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.

For FY2023, the external auditors, RSM Chio Lim LLP, briefed the AC and the Board on the developments in financial reporting and governance standards. In addition, save for Datuk Lim Tong Lee, all the Directors have completed the mandated sustainability training course organized by the Singapore Institute of Directors or the Institute of Singapore Chartered Accountants (ISCA) as required under the enhanced sustainability reporting rules announced by the SGX-ST in December 2021. Datuk Lim Tong Lee has attended three (3) out of a total of four (4) modules of the mandated sustainability training course organized by the University of Cambridge Institute for Sustainability Leadership (in partnership with Earth on Board). Datuk Lim Tong Lee will be attending the last module in June 2023, and accordingly, he will complete the mandated sustainability training course as required by the SGX-ST in June 2023.

The Company Secretary will attend all Board and Board Committee meetings. He or she is responsible for ensuring that procedures are followed and that the Company has complied with the requirements of the Companies Act 1967 of Singapore (the "Companies Act") and all other rules and regulations that are applicable to the Company. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board Composition and Guidance

Principle 2:

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this Annual Report, the Board comprises two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, and their membership on the Board Committees are as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Datuk Lim Tong Lee	Independent Non-Executive Chairman	Member	Chairman	Member
Mr Matthew Law	Executive Director and Group Chief Executive Officer	-	-	-
Dato' Dr Lee Chung Wah	Executive Director	-	-	-
Mr Sho Kian Hin	Independent Non-Executive Director	Chairman	Member	Chairman
Ms Arica Law	Non-Independent Non-Executive Director	Member	Member	Member

The criterion for independence is based on the definition set out in the Code and its Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgment in the best interests of the Company. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. 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. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval.

For FY2023, the Independent Non-Executive Directors (namely, Datuk Lim Tong Lee and Mr Sho Kian Hin) have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Non-Executive Directors did not own shares of the Company and were not in foreseeable situation that could compromise their independence of thought and decision. The NC has reviewed and has identified each of the Company's Independent Non-Executive Directors to be independent. The Board, based on the review conducted by the NC, has determined that the Company's Independent Non-Executive Directors are independent.

The Board is made up of three (3) Non-Executive Directors (including two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director) and two (2) Executive Directors. As such, Non-Executive Directors make up a majority of the Board (including the Chairman of the Board who is independent and non-executive), and the Company is in compliance with provision 2.3 of the Code.

The current Board comprises Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as age and gender so as to avoid group thinking and foster constructive debate. Accordingly, the Board, with the concurrence of the NC, is of the opinion that its current Board size of five (5) members, and the size of each Board Committee, as well as their respective compositions, are appropriate, taking into account the nature and scope of the Group's operations, the requirements of the business and the industry that the Company is operating in.

The Company is committed to building a diverse, inclusive and collaborative culture. The Company has adopted a Board Diversity Policy which provides for the Board to comprise Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds who as a group provide an appropriate balance, and have diversity from a number of aspects, including but not limited to diversity in gender, age, business or professional experience, skills and knowledge. The Company recognizes and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. A well-balanced Board with Directors from diverse backgrounds can provide fresh perspectives to solve business issues, foster growth and create value for the Company and enhance corporate governance. The Board noted that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance of diversity. In recognition of the importance and value of gender diversity in the composition of the Board, the Company had appointed one (1) female Director, Ms Arica Law, to the Board in May 2022, representing 20% of the total Board membership. In addition, the Board consists of Directors with ages ranging from mid-40s to mid-50s, who have served on the Board for different tenures. In reviewing the Board composition and appointments, the NC takes into consideration diversity of skills, experience, background, gender, age, ethnicity and other relevant factors although merit remains the key driver. The NC and the Board have reviewed and are satisfied that the current Board comprises five (5) Directors, who as a group provide an appropriate balance and diversity of skills, including accounting and finance, investment, regulatory compliance, business and management experience as well as industry knowledge that are critical for the Group's business objectives, and other aspects of diversity such as gender and age, which allow for fresh, diverse and objective perspectives on the Group's business and direction to foster growth and create value for the

Company and enhance corporate governance to support the long-term success of the Group. Accordingly, the NC and the Board are of the view that the current Board composition reflects the Company's commitment to Board diversity and are satisfied that the objectives of the Board Diversity Policy are met. The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. Key information regarding our Directors, such as academic and professional qualifications, is set out in the Annual Report under "Directors' Profile".

Under Rule 406(3)(d)(iv) of the Catalist Rules, a Director will no longer be independent if he has been a Director for an aggregate period of more than nine (9) years (whether before or after listing). None of our Independent Non-Executive Directors has served as Director on the Board for more than nine (9) years.

The Board has three (3) Non-Executive Directors (two (2) of whom are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director) 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 the Non-Executive Directors to meet on a need-basis without the presence of the Management. The Chairman of such meetings provide feedback to the Board and/or Chairman of the Board as appropriate.

Chairman and Group Chief Executive Officer

Principle 3:

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman of the Board and the Chief Executive Officer of the Group are separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. Datuk Lim Tong Lee is the Independent Non-Executive Chairman of the Board and Mr Matthew Law is the Group Chief Executive Officer. There is a clear division of responsibilities between the Independent Non-Executive Chairman of the Board and the Group Chief Executive Officer, which provides a balance of power and authority.

The Independent Non-Executive Chairman of the Board sets the tone for the conduct of the Board and ensures the Group adheres 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 Non-Executive Directors.

The Board did not appoint a lead independent director for FY2023 as the Independent Non-Executive Chairman of the Board and the Group Chief Executive Officer are not related to each other and they do not have any business relationship between them. In respect of provision 3.3 of the Code, the Independent Non-Executive Chairman of the Board functions as a lead independent director in that he is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Group Chief Executive Officer or Management are in appropriate or inadequate.

Board Membership

Principle 4:

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. The NC comprises the Company's three (3) Non-Executive Directors, including two (2) Independent Non-Executive Directors (namely, Datuk Lim Tong Lee and Mr Sho Kian Hin) and one (1) Non-Independent Non-Executive Director (namely, Ms Arica Law). The Chairman of the NC is Datuk Lim Tong Lee, who is independent.

The NC meets at least once a year. The terms of reference of the NC sets out its duties and responsibilities. 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 or she is independent;
- (d) to review Board succession plans for Directors, in particular, the Chairman of the Board 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 review and recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election;
- (k) to review and determine whether the Director is able to and has been adequately carrying out his or her duties as a Director of the Company, taking into consideration the Director's number of Board representations on listed companies and other principal commitments; and
- (l) such other duties or functions as may be delegated by the Board or required by regulatory authorities.

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 AGM and shall be eligible for re-election.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his or her 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, as well as sufficient time and attention are given by these Directors to the affairs of the Company. The NC has determined that each of the Non-Executive Directors should not hold more than six (6) listed company board representations and other principal commitments.

Pursuant to Article 114 of the Company's Constitution, 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 at each AGM of the Company. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM.

At the forthcoming AGM, Dato' Dr Lee Chung Wah and Datuk Lim Tong Lee will be retiring from office by rotation pursuant to Article 114 of the Company's Constitution. Dato' Dr Lee Chung Wah and Datuk Lim Tong Lee, being eligible for re-election, have offered themselves for re-election. The NC has recommended and the Board has agreed for Dato' Dr Lee Chung Wah and Datuk Lim Tong Lee be put forward for re-election at the forthcoming AGM. In making the recommendation, the NC has considered, amongst others, the respective Director's competencies, commitment and overall contribution to the Board (such as attendance, participation, preparedness and candour).

Upon re-elected as a Director of the Company at the forthcoming AGM:

- (a) Dato' Dr Lee Chung Wah will remain as an Executive Director of the Company; and
- (b) Datuk Lim Tong Lee will remain as an Independent Non-Executive Director of the Company, Chairman of the Board and the NC, as well as a member of the AC and the RC. The Board is of the opinion that Datuk Lim Tong Lee is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board. The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and its Practice Guidance, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Non-Executive Directors are required to submit their confirmation of independence annually for the NC's review. The NC has reviewed the independence of the Board members and the Board and the NC are of the opinion that the Company's current Independent Non-Executive Directors (namely, Datuk Lim Tong Lee and Mr Sho Kian Hin) are independent, taking into account the circumstances set forth in the Code and its Practice Guidance, Rule 406(3)(d) of the Catalist Rules and any other salient factors, as well as for the purposes of Rule 704(7) of the Catalist Rules. Each of these Directors has also declared that they are independent.

Key information regarding the Directors is set out in pages 6 to 10 of this Annual Report.

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

Board Performance

Principle 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.

A formal assessment process is in place to assess the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman of the Board and each individual Director to the effectiveness of the Board.

The NC has adopted the performance evaluation forms recommended by the Singapore Institute of Directors. The evaluations are conducted annually. As part of the process, the Directors will complete the evaluation forms which are collated by the Company Secretary, who will then summarise the results of the evaluation and present it to the NC. Recommendations for improvement are then submitted to the Board for discussion and for implementation in areas where the performance and effectiveness could be enhanced.

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board's decision making processes, strategic planning, board information and accountability, board performance in relation to discharging its principal functions and financial targets.

The evaluation of the Board is to be performed annually by having all members complete Board and individual Directors' evaluation questionnaires individually based on the above assessment parameters.

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.

The Board, in concurrence with the NC, is satisfied that, for FY2023, the Chairman of the Board and each individual Director have allocated sufficient time and attention to the affairs of the Company, and is of the view that the performance and effectiveness of the Board as a whole and each of the Board Committees, as well as the contribution by the Chairman of the Board and each individual Director to the effectiveness of the Board have been satisfactory.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6:

The Board has a formal and transparent procedure for developing policies on Director and Executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

The RC comprises the Company's three (3) Non-Executive Directors, including two (2) Independent Non-Executive Directors (namely, Datuk Lim Tong Lee and Mr Sho Kian Hin) and one (1) Non-Independent Non-Executive Director (namely, Ms Arica Law). The Chairman of the RC is Mr Sho Kian Hin, who is independent.

The RC meets at least once a year. The terms of reference of the RC sets out its duties and responsibilities. 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; and
- (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 RC has full authority to obtain external professional advice on matters relating to remuneration should the need arises. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2023. In respect of fees for Directors, approval of shareholders is required at each AGM of the Company.

The RC also considers all aspects of remuneration, including termination clauses contained in the contracts of service for key Management personnel to ensure that they are fair and reasonable and not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 7:

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

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.

The Executive Directors have entered into separate service agreements (including renewals) with the Company. The service agreement between the Company and Mr Matthew Law was last renewed in August 2022 for a further period of two (2) years; while Dato' Dr Lee Chung Wah has entered into a service agreement with the Company for two (2) years with effect from the date of his appointment as an Executive Director of the Company (i.e. 8 March 2022). The Company may at any time forthwith terminate the service agreements of the Executive Directors if they, *inter alia*, be guilty of any dishonesty, gross misconduct or willful neglect of duty or commit any continued material breach of the provisions of their respective service agreements, becomes bankrupt or persistently refuses to carry out any reasonable lawful order given to them in the course of their employment or persistently fails diligently to attend to their respective duties.

Pursuant to their respective service agreements, each of Mr Matthew Law and Dato' Dr Lee Chung Wah is entitled to a fixed monthly salary and an annual wage supplement of two (2) months' 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, Mr Matthew Law is entitled to a performance bonus in respect of each financial year (the "**Performance Bonus**") commencing from and including FY2022, which is calculated based on the consolidated net profit before tax ("**NPBT**") and exceptional items of the 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 Versalink Employee Share Option Scheme (the "**Scheme**") and the Versalink Performance Share Plan (the "**Plan**"). The RC is responsible for the administration of the Scheme and the Plan in accordance with the rules of the Scheme and the Plan respectively. Please refer to the section entitled "Statement by Directors" of this Annual Report for more information on the Scheme and the Plan.

No options and awards were granted during FY2023 under the Scheme and the Plan respectively.

The Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Non-Executive Directors and the need to pay competitive fees to attract, retain and motivate the Non-Executive Directors. The RC ensures that the Independent Non-Executive 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 8:

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The various components of the remuneration of Directors and key Management personnel (who are not Directors or the Chief Executive Officer) of the Group for FY2023 in percentage are disclosed below. The remuneration received by Directors and key Management personnel for FY2023 in each case are below S\$250,000. The Company has not fully disclosed the remuneration of its Directors and key Management personnel as recommended by the Code 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 FY2023 are as follows:

Name of Director	Salary	Bonus	Directors' Fees	Allowances & Other Benefits ¹	Total Remuneration
	%	%	%	%	%
Up to S\$250,000					
Mr Matthew Law	96	–	–	4	100
Mr Roland Law ²	96	–	–	4	100
Mr Adam Law ³	96	–	–	4	100
Dato' Dr Lee Chung Wah ⁴	97	–	–	3	100
Datuk Lim Tong Lee	–	–	100	–	100
Mr Sho Kian Hin	–	–	100	–	100
Ms Arica Law ⁵	–	–	100	–	100
Name of Key Management Personnel ⁶	Salary	Bonus	Fees	Allowances & Other Benefits ¹	Total Remuneration
	%	%	%	%	%
Up to S\$250,000					
Mr Adam Law ³	96	–	–	4	100
Mr Kong Seong Hee	96	–	–	4	100
Mr Len Kwai Keong	96	–	–	4	100

Notes:

- Allowances and Other Benefits mainly relate to mobile allowance and statutory contribution in relation to the salary.
- Resigned as Director of the Company on 16 May 2022.
- Resigned as Director of the Company on 8 March 2022 and remains as a key executive officer of the Company
- Re-designated from Independent Non-Executive Chairman to Executive Director on 8 March 2022.
- Appointed as Director of the Company on 24 May 2022.
- There are only three (3) employees identified as key Management personnel (who are not Directors or the Chief Executive Officer) of the Group in FY2023.

There were no termination, retirement and post-employment benefits paid to any Directors and the key Management personnel (who are not Directors or the Chief Executive Officer) in FY2023.

The remuneration of employees related to the Directors and substantial shareholders of the Company will also be reviewed annually by the RC. Save for Mr Matthew Law, Mr Roland Law and Mr Adam Law who are related to each other, there is no employee of the Company and its subsidiaries who is a substantial shareholder of the Company or is an immediate family member ("immediate family member" means spouse, child, adopted child, stepchild, brother, sister and parent) of a Director, the Group Chief Executive Officer or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2023.

After taking into account the aforementioned reasons for non-disclosure of information as recommended by the Code, 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. Accordingly, the Board is of the view that the Company complies with principle 8 of the Code.

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

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 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 FY2023, the Board and the AC have obtained the following assurance from:

- (i) the Group Chief Executive Officer and Chief Financial Officer 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; and
- (ii) the Group Chief Executive Officer and other key Management personnel that the Group's risk management and internal control systems in place are adequate and effective in addressing the Group's risk management and internal control systems.

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 Chief Financial Officer 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 Group as at 28 February 2023.

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 10:

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises the Company's three (3) Non-Executive Directors, including two (2) Independent Non-Executive Directors (namely, Datuk Lim Tong Lee and Mr Sho Kian Hin), and one (1) Non-Independent Non-Executive Director (namely, Ms Arica Law). The Chairman of the AC is Mr Sho Kian Hin, who is independent. All AC members, including the AC Chairman have recent and relevant accounting or related financial management expertise or experience. The AC members possess many years of experience in accounting and finance, investment, regulatory compliance, business or financial management. The Board considers that the AC members are appropriately qualified to discharge the responsibilities of the AC.

The AC members are not former partners or directors of the Company's existing auditing firm and they have no financial interest in such auditing firm.

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; and
- (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. The terms of reference of the AC sets out its duties and responsibilities. The AC is authorized by the Board to:

- (a) 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) 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) review at least annually the independence, adequacy and effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience;
- (d) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (e) review the internal audit program and ensure co-ordination between the internal and external auditors and Management;
- (f) review the scope and results of the internal audit procedures;
- (g) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (h) approve the hiring, removal, evaluation and compensation of the Head of the Internal Audit function (if applicable), or accounting/auditing firm or corporation if the internal audit function is outsourced;
- (i) 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) 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) review interested person transactions (“**IPTs**”) falling within the scope of the Catalist Rules on a half-yearly basis;
- (m) review the half year 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; and
 - (vi) compliance with stock exchange and statutory/regulatory requirements;
- (n) review the audited financial statements of the Company and the consolidated balance sheet and profit and loss account, before approval by the Board;
- (o) 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) 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) ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
- (r) review the assistance given by Management to the internal and external auditors;
- (s) 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) 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) 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) 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) report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (x) undertake such other reviews and projects as may be requested by the Board; and
- (y) undertake such other functions and duties as may be required by statute or the Catalist Rules, 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.

For FY2023, the AC has met with the external auditors and internal auditors without the presence of the Management at least once.

The external auditors are responsible for performing an independent audit of the Group’s financial statements in accordance with the financial reporting standards, and for issuing a report thereon. The AC’s responsibility is to monitor these processes, as well as to review the audit plan and scope of examination of the external auditors and the assistance given by the Group’s officers to the external auditors. In relation to the key audit matters raised in the Independent Auditor’s Report, the AC noted the external auditors’ independent opinion on the Management’s accounting, treatment and estimates and concluded that they are appropriate and the AC is satisfied that the key audit matters, after taking into consideration, *inter alia*, the approach and methodology used, have been properly dealt with.

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 external auditors have also confirmed their independence in this respect, and that they are registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act 2004 of Singapore.

After considering the adequacy of the resources and experience of the external auditors' firm and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, 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 AGM. For FY2023, the Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the Group's appointment of auditing firms.

Details of the aggregate amount of audit and non-audit services paid or payable to the external auditors during FY2023 are disclosed in Note 6 set out on page 76 of this Annual Report.

The Company has established an internal audit function that is independent of the activities it audits. As recommended by the AC, the Company has outsourced the internal audit function to an independent corporation, Tricor Axcelasia Sdn. Bhd. ("**Tricor**"). The internal auditors report functionally to the Chairman of AC, which also decides on the appointment, termination and remuneration of the internal auditors, and administratively to the Executive Directors. 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:

- (a) compliance with applicable laws, regulations, policy and procedures;
- (b) reliability and integrity of information; and
- (c) safeguarding of assets.

The AC also reviews and decides on the appointment and termination of internal auditors.

During FY2023, 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 independent, effective and 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.

The internal auditors, Tricor, has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

All AC members have to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. This is done via regular updates and briefings provided by the external auditors to the AC as well as accounting standards update seminars conducted by various accounting firms or professional bodies.

Whistle-blowing Policy

To encourage proper work ethics and deter any misconduct or wrongdoing within the Group, the Group has established a whistle-blowing policy that stipulates the mechanism and procedures 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 (including misconduct or wrongdoing relating to the Group and its officers), a dedicated email address allows whistle-blowers to contact the AC directly, who is responsible for oversight and monitoring of whistle-blowing.

The AC will address the issues or concerns raised and ensure that necessary arrangements are in place for independent investigation of issues raised in good faith 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 against any detrimental or unfair treatment.

No such whistle-blowing report was received for FY2023.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11:

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

The Company announces financial information, major developments and other price sensitive information on the SGXNet in a timely manner to ensure investors are kept abreast of the Group's developments. The annual report, circulars and notices of all shareholders' meetings will be posted on the Company's website and SGXNet.

The Chairman of the Board and the various Board Committees are normally present and available to address questions at general meetings. The independent auditors are present at AGM to assist the Board in addressing any relevant queries from the shareholders. All shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals.

All Directors were present at the last AGM in respect of FY2022 held on 29 June 2022 and the EGM held on 25 November 2022. Save for the abovementioned general meetings, there were no other general meetings of the Company held during FY2023.

All shareholders are entitled to participate in and vote at the general meetings. If any shareholder is unable to attend, he or she is allowed to appoint up to two (2) proxies to vote on his or her behalf at the general meeting through a proxy form sent in advance. The Company's Constitution does not include the nominee or custodial services to appoint more than two (2) proxies.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Minutes of general meetings of shareholders will be published on the Company's corporate website and announced via SGXNet as soon as practicable within one (1) month from the date of such meeting. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Directors and Management.

The Company ensures that there are separate resolutions at general meetings on each substantially separate issue. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. For greater transparency, the Company will put all resolutions to vote by poll and make an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be presented and announced on the same day.

The Company's last AGM in respect of FY2022 held on 29 June 2022 ("**2022 AGM**") was held by way of electronic means, through "live" audio-visual webcast and "live" audio-only stream. The notice of AGM was disseminated to shareholders through publication on the SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities. The notice of AGM detailed the alternative arrangements for the 2022 AGM. Shareholders participated in the AGM via electronic means, voting by appointing the Chairman of the 2022 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM, and responses to the queries were provided via announcement on the SGXNet and the Company's corporate website. The Company did not receive any queries from shareholders before the 2022 AGM. Minutes of the 2022 AGM had also been published by the Company on its corporate website and on the SGXNet within one (1) month from the date of the 2022 AGM.

The Company's EGM held on 25 November 2022 ("**2022 EGM**") was held by way of electronic means, and arrangements were made for shareholders to participate fully at the 2022 EGM by (i) real-time electronic voting; and (ii) real-time electronic communication, at the 2022 EGM. Shareholders were able to submit questions in advance of, or during, the 2022 EGM and/or vote during the 2022 EGM themselves or appoint proxies to vote on their behalf at the 2022 EGM or appoint the Chairman of the 2022 EGM as proxy to vote on their behalf at the 2022 EGM. The notice of EGM was disseminated to shareholders through publication on the SGXNet and the Company's corporate website. Minutes of the 2022 EGM had also been published by the Company on its corporate website and on the SGXNet within one (1) month from the date of the 2022 EGM.

The Company will be conducting the upcoming AGM in respect of FY2023 via electronic means and arrangements will be made for shareholders to participate fully at the AGM by (i) real-time electronic voting; and (ii) real-time electronic communication, at the AGM. Further information is set out in the notice of the AGM dated 12 June 2023 as set out in this Annual Report.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares of the Company that the 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 the Directors:

- (a) the level of the Group's cash and retained earnings;
- (b) the Group's actual and projected financial performance;
- (c) the Group's projected levels of capital expenditure and other investment plans;
- (d) the Group's working capital requirements and general financing condition;
- (e) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
- (f) the general economic and business conditions in countries in which the Group operates.

The Board had declared an interim cash dividend of SGD0.018 per ordinary share for the third quarter ended 30 November 2022 and no final dividend was declared or recommended by the Board for FY2023 (FY2022: SGD Nil per ordinary share) as the Group deems it appropriate to retain cash for its operations. The aforementioned interim cash dividend was paid to shareholders on 16 March 2023.

Engagement with Shareholders

Principle 12:

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Communication with shareholders are mainly made via SGXNet. This includes half year and full year financial results announcements, public announcements on major developments and price-sensitive information, as well as annual reports and sustainability reports. Some of these documents are also made available on the Company's corporate website.

The Company does not have an investor relations policy but maintains an investor relations website and the contact details of the investor relations can be found on the Company's website which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Shareholders may contact the Company via telephone or email to IR@versalink.com with questions and they will receive responses in a timely manner.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board regularly engage the stakeholders through various means and communication channels. The relationships with material stakeholders have an impact on the Company's long term sustainability, service and products standards. By considering and balancing the needs and interests of material stakeholders, it would ensure the interests of the Company are best served. The material stakeholders of the Company include investors, employees, customers, government and regulators as well as the community. The Group has also undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders.

Detailed approach to the stakeholder engagement and materiality assessment will be disclosed in the Group's sustainability report for FY2023 ("SR2023"), which will be published by the Company on the SGXNet and the Company's corporate website by 30 June 2023, to keep stakeholders informed on the Group's business and operations. The SR2023, prepared in accordance with the Global Reporting Initiative Standards, highlights the governance, environmental and social factors that the Company has determined to be material to the Group and its stakeholders. The SR2023 also describes the Group's sustainability practices with reference to the primary components set out in Rule 711B of the Catalist Rules, on a "comply or explain" basis.

To allow communication and engagement with stakeholders, all stakeholders are welcome to provide their valuable feedback on the Group's sustainability report at sustainability@versalink.com.

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 year 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 2001 of Singapore, the 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.

There were no interested person transactions entered into by the Company or any of its subsidiaries during FY2023.

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

Save for the service agreements entered into between the Company and each of the Executive Directors, there are no other material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of any Director, Group Chief Executive Officer or controlling shareholder of the Company, either still subsisting as at the end of financial year or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

For FY2023, there were no non-sponsor fees payable or paid to ZICO Capital Pte. Ltd..

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE CATALIST RULES ON DIRECTORS SEEKING FOR RE-ELECTION

The following additional information on Dato' Dr Lee Chung Wah and Datuk Lim Tong Lee, who are seeking for re-election as Directors of the Company at the upcoming AGM, is to be read in conjunction with their respective biographies in the section headed "Directors' Profile" in this Annual Report.

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
Date of appointment	7 October 2020	18 April 2019
Date of last re-appointment (if applicable)	29 June 2021	29 June 2022
Age	48	55
Country of principal residence	Malaysia	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The NC has recommended and the Board has concurred with the NC for Dato' Dr Lee Chung Wah to retire and seek for re-election at the forthcoming AGM following an assessment of his performance and contributions, qualifications and experience, as well as the size, composition and diversity of skillsets on the Board with regards to the objectives of the Board Diversity Policy of the Company.	The NC has recommended and the Board has concurred with the NC for Datuk Lim Tong Lee to retire and seek for re-election at the forthcoming AGM following an assessment of his performance and contributions, qualifications and experience, as well as the size, composition and diversity of skillsets on the Board with regards to the objectives of the Board Diversity Policy of the Company. Datuk Lim Tong Lee is considered independent for the purposes of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive Please refer to the section headed "Directors' Profile" in this Annual Report for information on the area of responsibility.	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	<ul style="list-style-type: none"> • Independent Non-Executive Chairman of the Board • Chairman of the NC • Member of the AC • Member of the RC

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
Professional Qualifications	<p>Bachelor of Business from University of Southern Queensland, Australia</p> <p>Postgraduate Certificate in Business Administration from University of Staffordshire, United Kingdom</p> <p>Doctorate of Business Administration from University of Atlanta, United States of America</p>	<p>Fellow Member of the Association of Chartered Certified Accountants, United Kingdom</p> <p>Member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants</p>
Working Experience	<p>2009 to 2016:</p> <p>a) Executive Director and Chief Executive Officer – J&C Pacific Sdn. Bhd., a subsidiary of INSAS Berhad (listed on the Main Board of Bursa Malaysia)</p> <p>2018 to 2021:</p> <p>b) Independent Non-Executive Director – Jadi Imaging Holdings Berhad (listed on the Main Board of Bursa Malaysia)</p> <p>2018 to present:</p> <p>c) Non-Executive Director – Salcon WP Sdn. Bhd., a subsidiary of Salcon Berhad (listed on the Main Board of Bursa Malaysia)</p> <p>d) Non-Executive Director – The One Smart City Limited, Hong Kong, a related company to China High Precision Automation Group Limited (listed on Hong Kong Stock Exchange)</p> <p>e) Partner and Co-Founder – International Supply Chain Alliance Limited</p> <p>March 2022 to present:</p> <p>f) Executive Director – Versalink Holdings Limited</p>	<p>Datuk Lim Tong Lee has more than 30 years of working experience in private equity, corporate finance and auditing.</p> <p>He was with KGI Fraser Securities Pte Ltd, Singapore as Head of Corporate Finance from 2015 to 2017, Venstar Capital Management Pte Ltd, Singapore as Senior Vice President from 2014 to 2015, AmWater Investments Management Pte Ltd as Chief Investment Officer in 2013 and AmFraser Securities Pte Ltd, Singapore as Director/Head of Corporate Finance from 2007 to 2012.</p> <p>He was with AmInvestment Bank Berhad from 1995 to 1997 and from 1999 to 2007 with his last position as Director of Corporate Finance.</p> <p>He was attached to Ernst & Young, Kuala Lumpur office for 5 years prior to joining AmInvestment Bank Berhad in 1995.</p> <p>Between 1997 and 1999, he was employed as the General Manager, Corporate Finance of a property development company in Malaysia.</p>
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in 6,000,000 shares of the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dato' Dr Lee Chung Wah is a shareholder of the Company, details as set out above.	Nil

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<p>Other Principal Commitments including Directorships</p> <ul style="list-style-type: none"> • Past (for the last 5 years) • Present 	<p>Directorship</p> <p>Jadi Imaging Holdings Berhad (listed on the Main Board of Bursa Malaysia)</p> <p>Directorships</p> <p>Salcon WP Sdn. Bhd., a subsidiary of Salcon Berhad (listed on the Main Board of Bursa Malaysia)</p> <p>Melodious Glory Sdn. Bhd.</p> <p>Purnama Awana Sdn. Bhd.</p> <p>Top Velocity Sdn. Bhd.</p> <p>Wide Plus Smart City Sdn. Bhd., a subsidiary of The One Smart City Limited, Hong Kong</p> <p>The One Smart City Limited, Hong Kong, a related company to China High Precision Automation Group Limited (listed on Hong Kong Stock Exchange)</p> <p>The One BR Development Limited, Hong Kong</p> <p>SinoAsean Synergy Co. Limited, Hong Kong</p> <p>Century Interfoods Sdn. Bhd.</p> <p>Ocean Glory Sdn. Bhd.</p> <p>Ramprop Ventures Sdn. Bhd.</p> <p>Sendo Ichi Seafood (M) Sdn. Bhd.</p> <p>TKB Interfood Sdn. Bhd.</p> <p>Other Principal Commitment</p> <p>Nil</p>	<p>Directorships</p> <p>Metalearth Capital Sdn. Bhd.</p> <p>Valuemax Group Limited</p> <p>LBS Bina Group Berhad</p> <p>Alliance Asia Investment Limited</p> <p>Directorships</p> <p>Altitude Capital Pte. Ltd.</p> <p>Altitude Capital (Asia) Sdn. Bhd.</p> <p>Melody Boulevard Sdn. Bhd.</p> <p>Goldhill Villa Sdn. Bhd.</p> <p>Altitude Capital Sdn. Bhd.</p> <p>SIAB Holdings Berhad</p> <p>Harrisons Holdings (Malaysia) Berhad</p> <p>Other Principal Commitment</p> <p>Trustee of LBS Foundation</p>

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

Name of Director	Dato' Dr Lee Chung Wah	Datuk Lim Tong Lee
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

STATEMENT BY DIRECTORS AND FINANCIAL STATEMENTS

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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 2023.

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:

Dato' Dr Lee Chung Wah
 Law Kian Siong
 Law Pei Ling
 Lim Tong Lee
 Sho Kian Hin

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 1967 ("the Act") of Singapore except as follows:

<u>Name of directors and company in which interests are held</u>	<u>Number of shares of no par value</u>	
	<u>At beginning of the reporting year or date of appointment if later</u>	<u>At end of the reporting year</u>
<u>The company – Versalink Holdings Limited</u>		<u>Direct interest</u>
Law Kian Siong	15,464,000	15,464,000
Law Pei Ling	15,464,000	15,464,000
<u>The company – Versalink Holdings Limited</u>		<u>Deemed interest</u>
Dato' Dr Lee Chung Wah	–	6,000,000
Law Pei Ling	278,000	278,000

The directors' interests as at 21 March 2023 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

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:

- Sho Kian Hin – Chairman of Remuneration Committee (Independent Non-Executive Director)
- Lim Tong Lee – Member (Independent Non-Executive Chairman)
- Law Pei Ling – Member (Non-Independent Non-Executive 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).

Controlling shareholders and their associates 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") Listing Manual Section B: Rules of Catalist. 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 the 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 PSP is administered by the remuneration committee. The participants of the PSP are similar to those of the ESOS.

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 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 the general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in the 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.

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 option 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. Independent Auditor

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

7. Report of Audit Committee

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

Sho Kian Hin – Chairman of Audit Committee (Independent Non-Executive Director)

Lim Tong Lee – Member (Independent Non-Executive Chairman)

Law Pei Ling – Member (Non-Independent Non-Executive 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 SGX-ST Listing Manual Section B: Rules of Catalist).

STATEMENT BY DIRECTORS

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.

8. 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, with the concurrence of the audit committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 28 February 2023 to address the risks that the company considers relevant and material to its operations.

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 29 April 2023, 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

.....
Dato' Dr Lee Chung Wah
Director

8 June 2023

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 2023, 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 1967 (“the Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) 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 2023 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 for 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) Impairment of Inventories

Please refer to Note 2 on the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Note 17 on inventories.

The group had inventories of RM8,622,000 as at the 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.

How we addressed the matter in our audit

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

INDEPENDENT AUDITOR'S REPORT

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

(2) Impairment of Trade Receivables

Please refer to Note 2 on the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Notes 18 and 29D for the receivables and credit risk of the group respectively.

Trade receivables totalled RM3,529,000 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 trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

How we addressed the matter in our audit

Our audit procedures included (i) assessing the recoverability of the significant aged debts, by discussing with management, checking subsequent collections and corroborating to the historical payment records of the debtor; and (ii) assessing whether disclosures in respect of the credit risk of trade receivables is appropriate.

For the simplified expected credit losses ("ECL") model, our audit procedures included the review of management's process over the recoverability of outstanding trade receivables, including the payments made by the customers subsequent to the reporting year end. We have also tested the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates and reviewed data and information that management has used, including consideration of forward-looking information based on specific economic data.

We have evaluated the qualitative adjustment to the allowance and challenging the reasonableness of the key assumptions in determining the allowance. We have also assessed the adequacy of the disclosure made in the financial statement.

(3) Sale and Leaseback Transaction

Please refer to Note 2 on the relevant accounting policies and Notes 5, 12, 13 and 24 for the other income and gains, property, plant and equipment, right-of-use assets and lease liabilities of the group respectively.

The group entered into a sales and leaseback transaction during the reporting year, which involved the sale of freehold land and building ("property") to an external party. Following the completion of the sale transaction, the group then entered into a lease agreement to lease the property for an initial of 3 years with an option to extend the lease term for another 3 years for the continued use of the property. The transaction resulted in a net gain of RM19,154,000 and the recognition of a right-of-use asset of RM3,184,000 and lease liability of RM7,408,000 on the group's statement of financial position.

Management has assessed that the above transaction is a sale and leaseback in accordance with SFRS(I) 16 Leases and the transfer of the asset is a sale as per SFRS(I) 15 Revenue from Contracts with Customers. Management exercise significant judgement in determining the fair value of the asset, measurement of the right-of-use assets, the related lease liabilities and the resultant gain from the transaction.

How we addressed the matter in our audit

We assessed the appropriateness of the accounting treatment applied to the sales and leaseback transaction, including the determination of whether the transaction meets the criteria for a sale under the applicable accounting standards. With the assistance of our auditor's external expert, we reviewed the property valuation report prepared by the management's valuer in determining the fair value of the property sold and consequently the gain recorded from the sale.

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

Key audit matters (cont'd)

(3) Sale and Leaseback Transaction (cont'd)

How we addressed the matter in our audit (cont'd)

We examined the terms and conditions of the leaseback agreement. We assessed the basis of assumptions used by management in the recognition and measurement of right-of-use assets and lease liabilities.

We have also assessed the adequacy of the disclosures made in the financial statements.

(4) Impairment of Cost of Investment in Subsidiaries

Please refer to Note 2 on the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Note 15 for the investment in its subsidiaries, Jemaramas Jaya Sdn. Bhd. ("JJ") and Versalink Marketing Sdn. Bhd. ("VM").

The carrying amount of the company's investment in JJ and VM (collectively known as "Office Furniture Business") is RM26,348,000 as at the end of the reporting year.

Management assessed and determined that there were indicators of impairment in relation to the company's investment in JJ and VM, due to the current economic environment and geopolitical uncertainties.

Management applied the value-in-use method (i.e. management's discounted cash flows of Office Furniture Business) to determine the recoverable amount of the company's investment in JJ and VM. Management has assessed JJ and VM as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset. Based on management's assessment, the recoverable amount of the company's investment in Office Furniture Business was lower than its carrying amount. Consequently, management recorded an impairment loss of RM12,700,000 in the current reporting year.

In estimating the value-in-use, significant estimate is used by management in projecting the Office Furniture Business's such as earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, future capital expenditure, discount rate and terminal value.

How we addressed the matter in our audit

With the assistance of our auditor's expert, we assessed the appropriateness of the valuation methodology adopted and evaluated the reasonableness of the Office Furniture Business's revenue growth rate, gross profit margin, EBITDA margin, terminal growth rate, discount rate and other estimates used in preparing the discounted cash flow forecast. We have also assessed the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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 financial reporting standards, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

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 See Ling Ling, Helen.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

8 June 2023

Engagement partner - effective from reporting year ended 28 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 28 FEBRUARY 2023

	Notes	Group	
		2023 RM'000	2022 RM'000
Revenue	4	44,837	37,775
Cost of sales		(33,321)	(29,310)
Gross profit		11,516	8,465
Interest income		264	224
Other income and gains	5	20,065	1,485
Marketing and distribution expenses	6	(3,711)	(3,747)
Administrative expenses	6	(8,515)	(5,801)
Other losses	5	(3,322)	(2,797)
Finance costs	7	(214)	(147)
Profit (Loss) before income tax		16,083	(2,318)
Income tax expense	9	(286)	(36)
Profit (Loss), net of income tax and total comprehensive income (loss) for the year		15,797	(2,354)
Profit (Loss), net of tax attributable to owners of the company		15,797	(2,354)
Profit (Loss), net of tax		15,797	(2,354)
Total comprehensive income (loss) for the year attributable to owners of the company		15,797	(2,354)
Total comprehensive income (loss) for the year		15,797	(2,354)
Earnings (Loss) per share (Sen Ringgit Malaysian)			
Basic and diluted	10	11.70	(1.74)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2023

	Notes	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	8,101	28,850	–	–
Right-of-use assets	13	2,919	–	–	–
Intangible asset	14	–	–	–	–
Investment in subsidiaries	15	–	–	26,625	55,267
Investment in associate	16	–	–	–	–
Total non-current assets		11,020	28,850	26,625	55,267
Current assets					
Inventories	17	8,622	13,119	–	–
Trade and other receivables, current	18	4,529	5,122	15,737	8,447
Other non-financial assets, current	19	3,002	1,556	31	32
Other financial assets, current	20	–	–	–	–
Cash and cash equivalents	21	25,415	9,050	3,765	178
Total current assets		41,568	28,847	19,533	8,657
Total assets		52,588	57,697	46,158	63,924
EQUITY AND LIABILITIES					
Equity					
Share capital	22	36,435	62,513	36,435	62,513
(Accumulated losses) retained earnings		(8,501)	(16,215)	1,245	1,137
Foreign currency translation reserves		8	8	–	–
Total equity		27,942	46,306	37,680	63,650
Non-current liabilities					
Deferred tax liabilities	9	400	173	–	–
Other financial liabilities	23	–	608	–	–
Lease liabilities	24	4,551	–	–	–
Total non-current liabilities		4,951	781	–	–
Current liabilities					
Income tax payable		10	14	1	14
Provisions	25	1,680	840	–	–
Trade and other payables	26	14,673	6,857	8,477	260
Other financial liabilities	23	924	2,899	–	–
Lease liabilities	24	2,408	–	–	–
Total current liabilities		19,695	10,610	8,478	274
Total liabilities		24,646	11,391	8,478	274
Total equity and liabilities		52,588	57,697	46,158	63,924

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 28 FEBRUARY 2023

Group	Total Equity RM'000	Share Capital RM'000	Foreign Currency Translation Reserves RM'000	Accumulated Losses RM'000
Current year:				
Opening balance at 1 March 2022	46,306	62,513	8	(16,215)
Changes in equity:				
Capital reduction via cash distribution (Note 22)	(26,078)	(26,078)	–	–
Total comprehensive income for the year	15,797	–	–	15,797
Dividends payable (Note 11)	(8,083)	–	–	(8,083)
Closing balance at 28 February 2023	27,942	36,435	8	(8,501)
Previous year:				
Opening balance at 1 March 2021	48,660	62,513	8	(13,861)
Changes in equity:				
Total comprehensive loss for the year	(2,354)	–	–	(2,354)
Closing balance at 28 February 2022	46,306	62,513	8	(16,215)

Company	Total Equity RM'000	Share Capital RM'000	Retained Earnings RM'000
Current year:			
Opening balance at 1 March 2022	63,650	62,513	1,137
Changes in equity:			
Capital reduction via cash distribution (Note 22)	(26,078)	(26,078)	–
Total comprehensive income for the year	8,191	–	8,191
Dividends payable (Note 11)	(8,083)	–	(8,083)
Closing balance at 28 February 2023	37,680	36,435	1,245
Previous year:			
Opening balance at 1 March 2021	65,499	62,513	2,986
Changes in equity:			
Total comprehensive loss for the year	(1,849)	–	(1,849)
Closing balance at 28 February 2022	63,650	62,513	1,137

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 28 FEBRUARY 2023

	Group	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit (Loss) before tax	16,083	(2,318)
Adjustments for:		
Allowance for impairment on other receivables due from an associate - (reversal) loss	(585)	438
Depreciation of property, plant and equipment	1,977	2,201
Depreciation of right-of-use assets	265	31
Gain on disposal of plant and equipment	(59)	(139)
Gain arising from sale and leaseback transaction	(19,154)	-
Interest income	(264)	(224)
Interest expense	214	147
Plant and equipment written off	1,758	64
Operating cash flows before changes in working capital	235	200
Inventories	4,497	(1,279)
Trade and other receivables	670	871
Other non-financial assets	(1,726)	1,875
Other financial assets	-	2,433
Provisions	840	840
Trade and other payables	(267)	(114)
Net cash flows from operations	4,249	4,826
Income taxes refunded (paid)	217	(19)
Net cash flows from operating activities	4,466	4,807
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(468)	(1,224)
Proceeds from disposals of property, plant and equipment	40,060	139
Repayment from associate	1,561	208
Interest received	211	224
Net cash flows from (used in) investing activities	41,364	(653)
Cash flows used in financing activities		
Decrease in cash restricted in use	(18)	(11)
Decrease in other financial liabilities	(2,583)	(978)
Lease liabilities	(675)	(33)
Capital reduction	(26,078)	-
Interest paid	(129)	(147)
Net cash flows used in financing activities	(29,483)	(1,169)
Net increase in cash and cash equivalents	16,347	2,985
Cash and cash equivalents, statement of cash flows, beginning balance	8,074	5,089
Cash and cash equivalents, statement of cash flows, ending balance (Note 21A)	24,421	8,074

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

1. GENERAL

The company is incorporated in Singapore with limited liability. The company is listed on the Catalist which is a shares market on Singapore Exchange Securities Trading Limited on 24 September 2014.

The financial statements are presented in Ringgit Malaysian ("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 directors have the power to amend and reissue the financial statements.

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

The principal activities of the subsidiaries are described in Note 15 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.

Uncertainties relating to the current economic conditions

Management has considered the current economic conditions caused by the Covid-19 pandemic, commodities inflation, as well as the war in Ukraine at the end of the reporting year and reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity's ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They comply with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

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.

YEAR ENDED 28 FEBRUARY 2023

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 (the parent and its subsidiaries) 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 are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are deconsolidated from the date that control ceases.

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 equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, 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 and income recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs. For services that are not material transactions revenue is recognised as the services are provided.

Dividend income from equity instruments is recognised only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Interest income is recognised using the effective interest method.

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

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan 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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Ringgit Malaysian 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 reporting 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 a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

YEAR ENDED 28 FEBRUARY 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)**2A. Significant accounting policies (cont'd)****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.

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 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.

Property, plant and equipment

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. Depreciation is provided on a straight-line method 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 (or, for leasehold improvements and certain leased assets, the shorter lease term).

The annual rates of depreciation are as follows:

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

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

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

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.

Work in progress is not depreciated as these assets are not yet available for use.

The gain or loss arising from the derecognition of an item of property, plant and equipment 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.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The annual rates of depreciation are 33% to 50%.

Intangible assets

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.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

YEAR ENDED 28 FEBRUARY 2023

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

2A. Significant accounting policies (cont'd)

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.

Associate

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate 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 an investment in the associate are not necessarily indicative of the amounts 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)

Business combinations

There were no business combinations during the reporting year.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first in first out method. 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.

Carrying amounts 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.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

YEAR ENDED 28 FEBRUARY 2023

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

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Financial assets are classified into (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVTOCI"); (3) Financial asset that is a debt asset instrument classified as measured at FVTOCI; and (4) Financial asset classified as measured at fair value through profit or loss ("FVTPL"). At the end of the reporting year, the reporting entity had the following financial assets:

Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. 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.

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

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. The recurring measurements are made at each reporting year end date.

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.

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.

YEAR ENDED 28 FEBRUARY 2023

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

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.

Estimating income tax amounts:

The entity 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 for unused tax losses 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 reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are 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 at the end of the reporting year affected by the assumption is RM8,101,000 (2022: RM21,636,000).

Accounting for sale and leaseback arrangements:

The reporting entity has completed one sale and leaseback arrangement in the current reporting year. At the inception of the respective sale and leaseback arrangements, management has evaluated the substance of the transactions in accordance with the requirements of financial reporting standard on leases, and concluded that the sales should be recognised upon completion of the respective transactions and the leasebacks should be accounted for as operating leases. Accordingly, the reporting entity recognised gain amounting to RM19,154,000 in the profit or loss, relating to the disposal of the land and building in the current reporting year.

Assessing the terms of lease term or lease with extension or renewal options:

The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in Note 24.

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

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

Assessing of incremental borrowing rate for lease liabilities:

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. The amount of the lease liabilities at the end of the reporting year is disclosed in Note 24.

Assessment of allowance on inventories:

The allowance for impairment of inventories assessment requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. 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 17 on inventories.

Assessing expected credit loss allowance on trade receivables:

The assessment of the expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the expected credit losses. Management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. 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 on trade and other receivables.

Measurement of impairment of investment in subsidiaries or associate:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. 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 RM26,625,000 (2022: RM55,267,000).

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (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 transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. The transactions were not significant.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

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

3B. Key management compensation

	Group	
	2023 RM'000	2022 RM'000
Salaries and other short-term employee benefits	2,861	1,712

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

	Group	
	2023 RM'000	2022 RM'000
Remuneration of directors of the company	1,104	1,074
Fees to directors of the company	328	302

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. Key management compensation comprised those of directors and other key management personnel totalling 12 (2022: 14) persons.

3C. OTHER RECEIVABLES FROM RELATED PARTIES

The movements in other receivables from related parties are as follows:

Company	Subsidiaries	
	2023 RM'000	2022 RM'000
<u>Other receivables:</u>		
Balance at beginning of the year	4,534	4,550
Amounts paid in and settlement of liabilities on behalf of the company	-	(40)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	6,973	24
Balance at end of the year (Note 18)	11,507	4,534

4. REVENUE

	Group	
	2023 RM'000	2022 RM'000
Sale of goods	44,837	37,775

The revenue from sale of goods is recognised based on point in time. The customers are mainly retailers and corporate customers. Also see Note 28.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

5. OTHER INCOME AND GAINS AND (OTHER LOSSES)

	Group	
	2023 RM'000	2022 RM'000
Allowance for impairment on trade receivables – (loss) reversal		
– collectively impaired	(151)	310
– individually impaired	–	(1,455)
Allowance for impairment on other receivables due from an associate – reversal (loss)		
– individually impaired	585	(438)
Foreign exchange adjustment (loss) gain	(573)	40
Gain on disposal of plant and equipment	59	139
Gain arising from sale and leaseback transaction (Note 12)	19,154	–
Government grant	–	21
Wage Subsidy Scheme ^(a)	–	126
Insurance claims ^(b)	265	677
Provision for litigation (Note 25)	(840)	(840)
Plant and equipment written off	(1,758)	(64)
Sundry income	2	172
Total	16,743	(1,312)
Presented in profit or loss as:		
Other income and gains	20,065	1,485
Other losses	(3,322)	(2,797)
Net	16,743	(1,312)

^(a) Wage Subsidy Scheme was provided by the Malaysia Government under the Pakej Rangsangan Ekonomi Prihatin Rakyat to assist the company in retaining local employees during this period of economic uncertainty.

^(b) In relation to insurance claims received for the damage of inventories from flood in a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

6. MARKETING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2023 RM'000	2022 RM'000
<u>Marketing and distribution expenses</u>		
Advertisement and promotions	110	40
Employee benefits expense (Note 8)	1,960	1,707
Insurance expense	81	78
Logistics expense	518	1,378
Repairs and maintenance	55	53

	Group	
	2023 RM'000	2022 RM'000
<u>Administrative expenses</u>		
Depreciation of property, plant and equipment	387	570
Employee benefits expense (Note 8)	3,763	2,891
Professional fee	1,892	492
Recruitment expense	589	386
Repairs and maintenance	545	371
Audit fees to:		
– Independent auditor of the company	287	217
– Other independent auditor – non-network firms	83	69
Audit-related services (“ARS”) fees to:		
– Independent auditor of the company	31	12
Non-ARS fees to:		
– Independent auditor of the company	60	73

7. FINANCE COSTS

	Group	
	2023 RM'000	2022 RM'000
Interest expense	129	147
Interest on lease liabilities	85	–
Total finance costs	214	147

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 RM'000	2022 RM'000
Short term employee benefits expense	10,294	8,637
Contributions to defined contribution plans	687	547
Other benefits	615	856
Total employee benefits expense	11,596	10,040

The employee benefits expense is charged as follows:

Cost of sales	5,873	5,442
Marketing and distribution expenses (Note 6)	1,960	1,707
Administrative expenses (Note 6)	3,763	2,891
Total employee benefits expense	11,596	10,040

9. INCOME TAX

9A. Components of income tax expense recognised in profit or loss include:

	Group	
	2023 RM'000	2022 RM'000
<u>Current tax expense:</u>		
Current tax expense	54	9
Under adjustments in respect of prior periods	5	27
Subtotal	59	36
<u>Deferred tax expense:</u>		
Deferred tax expense	851	-
Over adjustments in respect of prior periods	(624)	-
Subtotal	227	36
Total income tax expense	286	36

Substantially the group's operations are located in Malaysia for the financial years under review. Accordingly, the Malaysian statutory tax rate of 24% (2022: 24%) is used in the reconciliation below:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

9. INCOME TAX (CONT'D)

9A. Components of income tax expense recognised in profit or loss include: (Cont'd)

	Group	
	2023 RM'000	2022 RM'000
Profit (Loss) before tax	16,083	(2,318)
Income tax expense (income) at the above rate	3,860	(556)
Effect of different tax rate in different country and change in tax rate	23	(9)
Income not subject to tax	(4,195)	–
Expenses not deductible for tax purposes	885	161
Tax exemptions and rebate	(7)	(20)
Unrecognised deferred tax recognised this year	–	343
Deferred tax assets not recognised	339	85
(Over) Under adjustment to tax in respect of prior periods	(619)	27
Other minor items	–	5
Total income tax expense	286	36

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

The tax effect of major expenses not deductible for tax purposes (income not subject to tax) include the following:

	Group	
	2023 RM'000	2022 RM'000
Allowance for impairment on other receivables due from an associate – (reversal) loss	(140)	105
Depreciation of non-qualifying plant and equipment	38	38
Gain arising from sale and leaseback transaction	(3,904)	–
Insurance claims	(64)	(162)
Plant and equipment written off	352	–
Provision for litigation	202	202
Wage subsidy	–	(17)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

9. INCOME TAX (CONT'D)

9B. Deferred tax expense recognised in profit or loss include

	Group	
	2023 RM'000	2022 RM'000
Excess of net book value on property, plant and equipment over tax values	1,305	40
Unrealised (gains) losses on foreign exchange	(9)	9
Provisions	(413)	(301)
Tax losses carryforwards	(288)	167
Unrecognised deferred tax recognised this year	(707)	–
Deferred tax assets not recognised	339	85
Total deferred tax expense recognised in profit or loss	227	–

9C. Deferred tax balance in the statements of financial position

	Group	
	2023 RM'000	2022 RM'000
<u>Deferred tax liabilities recognised in profit or loss:</u>		
Excess of net book value on property, plant and equipment over tax values	1,377	72
Unrealised losses on foreign exchange	–	9
Provisions	(1,732)	(1,319)
Tax losses carryforwards	(1,813)	(1,525)
Deferred tax assets not recognised	2,568	2,936
Net	400	173

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

The group's subsidiaries have accumulated tax losses of RM7,554,000 (2022: RM6,354,000) as at 28 February 2023. In accordance with the relevant tax regulations in Malaysia, tax losses incurred in a financial year can be carried forward for a maximum period of seven years to be offset against future taxable profit. It is not certain whether future taxable profit will be available against the subsidiary's unused tax losses can be utilised. Consequently, a deferred tax asset has not been recognised.

The expiry dates of tax effect of tax losses carryforwards are as follows:

Group	2023 RM'000	2022 RM'000
2024 and before	292	292
2025	33	33
2026	1,160	1,160
2028	22	22
2029	251	18
2030	55	–
Total	1,813	1,525

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

10. EARNINGS (LOSS) PER SHARE

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

	Group	
	2023 RM'000	2022 RM'000
Numerators: profit (loss) attributable to equity:		
Continuing operations: attributable to equity holders	15,797	(2,354)
	No. of shares '000	No. of shares '000
Denominators: weighted average number of equity shares:		
Basic and diluted	135,000	135,000

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

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

11. DIVIDENDS ON EQUITY SHARES

	Rate per share – RM		2023 RM'000	2022 RM'000
	2023	2022		
Interim exempt dividend payable	0.06	–	8,083	–
Total dividends payable in the year	0.06	–	8,083	–

On 6 February 2023, the directors have declared an interim dividend of RM0.06 per share with a total of RM8,083,000 in the directors' board meeting. These amounts was paid to the shareholders subsequent to the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

12. 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	Renovations RM'000	Work-in-progress RM'000	Total RM'000
<u>Cost:</u>								
At 1 March 2021	7,214	14,777	6,393	1,909	21,677	1,733	1,007	54,710
Additions	-	-	320	-	2,119	-	48	2,487
Write-offs	-	-	(80)	(1,004)	(493)	(102)	-	(1,679)
At 28 February 2022	7,214	14,777	6,633	905	23,303	1,631	1,055	55,518
Additions	-	-	33	163	412	-	-	608
Disposal	(7,214)	(14,777)	-	(158)	(5)	-	-	(22,154)
Write-offs	-	-	(389)	-	(1,332)	(1,631)	(1,055)	(4,407)
At 28 February 2023	-	-	6,277	910	22,378	-	-	29,565
<u>Accumulated depreciation:</u>								
At 1 March 2021	-	3,925	5,280	1,869	14,214	794	-	26,082
Additions	-	296	306	30	1,396	173	-	2,201
Write-offs	-	-	(51)	(1,004)	(494)	(66)	-	(1,615)
At 28 February 2022	-	4,221	5,535	895	15,116	901	-	26,668
Additions	-	148	260	38	1,409	122	-	1,977
Disposal	-	(4,369)	-	(158)	(5)	-	-	(4,532)
Write-offs	-	-	(294)	-	(1,332)	(1,023)	-	(2,649)
At 28 February 2023	-	-	5,501	775	15,188	-	-	21,464
<u>Net carrying value:</u>								
At 1 March 2021	7,214	10,852	1,113	40	7,463	939	1,007	28,628
At 28 February 2022	7,214	10,556	1,098	10	8,187	730	1,055	28,850
At 28 February 2023	-	-	776	135	7,190	-	-	8,101

Certain items at a carrying value of RM135,000 are under lease liabilities agreements (see Note 24).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

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

Allocation of the depreciation expense:

	Group	
	2023 RM'000	2022 RM'000
Cost of sales	1,552	1,609
Marketing and distribution expenses	38	22
Administrative expenses	387	570
Total	1,977	2,201

- (a) The net carrying values of property, plant and equipment which have been pledged as securities for banking facilities (see Note 23) are as follows:

	Group	
	2023 RM'000	2022 RM'000
Freehold land	-	7,214
Buildings	-	10,556
Total	-	17,770

The freehold land and building was sold on 23 September 2022 (see Note c below).

- (b) Fully depreciated plant and equipment still in use had an initial costs of:

	Group	
	2023 RM'000	2022 RM'000
Furniture and fittings	4,326	3,778
Plant and machinery	8,639	9,532
Motor vehicles	696	854
Total	13,661	14,164

- (c) Details of land:

<u>Description/Location</u>	<u>Tenure</u>	<u>Gross floor area</u>
No. PT 76085 Mukim Kapar, Daerah Klang, Selangor Darul Ehsan	Freehold	184,859 square feet

In 2022, the freehold land and building was measured at fair value in October 2020 to be RM35,000,000 based on the comparison and depreciated replacement cost method to reflect the actual market state and circumstances. The fair value was based on a valuation made by Knight Frank Malaysia Sdn. Bhd., a firm of independent professional valuers. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the property being valued. The management is of the opinion that there were no subsequent events subsequent to October 2020 that will impact the fair value as at 28 February 2022.

On 23 September 2022, the subsidiary entered into a sale and leaseback agreement with Axis Real Estate Investment Trust for the sale of freehold land and building at RM41,000,000. This transaction resulted in a net gain of RM19,154,000 and the recognition of a right-of-use asset of RM3,184,000 and lease liability of RM7,408,000 on the group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

13. RIGHT-OF-USE ASSETS

The right-of-use assets have been included in statement of financial position. The details are as follows:

Group	Leasehold land and building RM'000	Showrooms RM'000	Total RM'000
<u>Cost:</u>			
At 1 March 2021	–	282	282
Termination of lease	–	(282)	(282)
At 28 February 2022	–	–	–
Addition	3,184	–	3,184
At 28 February 2023	3,184	–	3,184
<u>Accumulated depreciation:</u>			
At 1 March 2021	–	251	251
Depreciation for the year	–	31	31
Disposal	–	(282)	(282)
At 28 February 2022	–	–	–
Depreciation for the year	265	–	265
At 28 February 2023	265	–	265
<u>Carrying value:</u>			
At 1 March 2021	–	31	31
At 28 February 2022	–	–	–
At 28 February 2023	2,919	–	2,919

The depreciation expense is charged to marketing and distribution expenses.

Operating lease payments for the group are for rentals payable for leasehold land and building and certain showroom premises.

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Typically the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Insurance, and maintenance fees on right-of-use assets are usually required under the lease.

For the underlying assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required annually. Impairment loss allowance is provided if it is determined that the right-of-use asset is impaired. The estimated useful life of the assets are 3 (2022: 2 to 4) years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

14. INTANGIBLE ASSET

Group	Development cost RM'000
<u>Cost:</u>	
At 1 March 2021, 28 February 2022 and 28 February 2023	910
<u>Accumulated amortisation and impairment losses:</u>	
At 1 March 2021, 28 February 2022 and 28 February 2023	910
<u>Net carrying value:</u>	
At 1 March 2021, 28 February 2022 and 28 February 2023	–

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 decreasing performance of the luxury system furniture by an Italian Architectural Firm with the brand of _AD MAIORA was considered sufficient to trigger the impairment test. The amounts have been fully impaired since the reporting year ended 28 February 2019.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<u>At cost:</u>		
Balance at beginning of the year	60,357	60,857
Strike off (Note 15A)	–	(500)
Repayment of quasi loan	(15,942)	–
	44,415	60,357
Allowance for impairment	(17,790)	(5,090)
Balance at end of the year	26,625	55,267
<u>Movements in allowance for impairment:</u>		
Balance at beginning of the year	(5,090)	(3,600)
Impairment allowance (Note 15B)	(12,700)	(1,990)
Strike off	–	500
Balance at end of the year	(17,790)	(5,090)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries held by the company are listed below:

<u>Name of subsidiaries, country of incorporation, place of operations and principal activities</u>	<u>Cost in books of the company</u>		<u>Effective percentage of equity held by the company</u>	
	2023 RM'000	2022 RM'000	2023 %	2022 %
Jemaramas Jaya Sdn. Bhd. ^{(a) (c)} Malaysia Manufacture, marketing and sale of system furniture and other furniture related products	32,101	48,043	100	100
Versalink Marketing Sdn. Bhd. ^(a) Malaysia Marketing and sale of system furniture and other furniture related products	12,037	12,037	100	100
Versalink Technology Sdn. Bhd. ^(a) Malaysia Dormant	277	277	100	100
Versalink (S) Pte. Ltd. ^(b) Singapore Dormant	-	-	100	100
Versalink System Furniture (S) Pte. Ltd. ^(b) Singapore Marketing and sale of system furniture and other furniture related products	-	-	100	100
Total investment in subsidiaries	44,415	60,357		

^(a) Other independent auditor. Audited by Crowe Malaysia PLT, 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. The cost of investment is less than RM1,000.

^(c) Included in the amount for the reporting year ended 28 February 2022 was a quasi-equity loan of RM15,942,000. This amount was fully repaid during the reporting year.

As 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

15. INVESTMENT IN SUBSIDIARIES (CONT'D)**15A. Strike off of subsidiary**

The group deconsolidated its subsidiary, Steeltema (M) Sdn. Bhd. which was struck off on 23 February 2022. There is no gain or loss on strike off of the subsidiary.

The results for the reporting year from strike off of the subsidiary and the results for the previous reporting year and for the period from the beginning of the reporting year to 23 February 2022, which have been included in the consolidated financial statements, were as follows:

	Group	
	2023 RM'000	2022 RM'000
Expenses	-	(2)
Other income and gains	-	2
Loss before tax	-	-
Income tax expense	-	-
Loss after tax	-	-
Loss, net of tax attributable to:		
- owners of the company	-	-

15B. Impairment assessment

The company assesses at each end of the reporting year whether there is any objective evidence that the carrying amount of its investment in Jemaramas Jaya Sdn. Bhd. ("JJ") and Versalink Marketing Sdn. Bhd. ("VM") (collectively known as "Office Furniture Business") are impaired.

Management assessed and determined that there were indicators of impairment in relation to the company's investment in JJ and VM, due to the current economic environment and geopolitical uncertainties. Management has assessed JJ and VM as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset.

Management applied the value-in-use method (i.e. management's discounted cash flows of the Office Furniture Business) to determine the recoverable amount of the company's investment in JJ and VM. The value-in-use method is a Level 3 fair value measurement. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by the Board of Directors covering a five-year period, and covered the operating performance of the Office Furniture Business segment, changes in the technological, market, economic or legal environment in countries where the subsidiaries operate, changes to the market interest rate, impact of the Covid-19 pandemic and the war in Ukraine.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

15B. Impairment assessment (Cont'd)

The key assumptions and quantitative information on the significant unobservable inputs used in the value-in-use calculations for the Office Furniture Business are analysed as follows:

<u>Company</u>	<u>2023</u>
Valuation technique: Discounted cash flow method	
Earnings before interest, tax, depreciation and amortisation margin	4.7% – 12.4%
Terminal growth rate	2.5%
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the investment	14.2%

Based on management's assessment, the recoverable amount of the company's investment in Office Furniture Business is lower than its carrying value at the end of the reporting year by RM12,700,000. Consequently, an impairment loss of RM12,700,000 was recognised in the current reporting year.

16. INVESTMENT IN ASSOCIATE

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Cost:</u>		
At 1 March 2021, 28 February 2022 and 28 February 2023	270	270
<u>Accumulated impairment losses:</u>		
At 1 March 2021, 28 February 2022 and 28 February 2023	(270)	(270)
<u>Net carrying value:</u>		
At 1 March 2021, 28 February 2022 and 28 February 2023	-	-
Share of net book value of associate	(607)	(545)

<u>Name of associate, country of incorporation, place of operations and principal activities</u>	<u>Effective percentage of equity held by Group</u>	
	<u>2023</u>	<u>2022</u>
	%	%
Alca Vstyle Sdn. Bhd. ^(a)	34	34
Malaysia		
Trading in all kinds of high pressure laminate and related products		

^(a) Other independent auditor. Audited by Chau & Co Chartered Accountant (2022: Crowe Malaysia PLT), a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

16. INVESTMENT IN ASSOCIATE (CONT'D)

Share of losses of associates exceeding the amount of the investment are not recognised as losses in the group profit or loss. The reporting entity's share of losses of such associates not recognised was RM47,000 (2022: RM144,000). The reporting entity has not incurred legal or constructive obligations on behalf of these associates (see Note 30 also).

After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The associate is considered not material to the reporting entity. The summarised financial information of the non-material associate and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate is as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2023 RM'000	2022 RM'000
Loss, net of tax	(138)	(423)
Total comprehensive loss	(138)	(423)
Net liabilities of the associate	(1,785)	(1,604)

17. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Raw materials	6,292	9,471
Work-in-progress	226	525
Finished goods	2,104	3,123
Total inventories	8,622	13,119

Inventories are stated after allowance. Movements in allowance:

Balance at beginning of the year	2,947	2,605
(Reversed) Charged to profit or loss included in cost of sales	(13)	342
Balance at end of the year	2,934	2,947
The write-down of inventories (reversed) charged to profit or loss included in cost of sales	(13)	342
Changes in inventories of finished goods and work-in-progress – decrease (increase)	1,318	(780)
The amount of inventories included in cost of sales	30,231	21,290

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Trade receivables:</u>				
Outside parties	5,450	5,314	-	-
Less allowance for impairment:				
- collectively impaired	(466)	(315)	-	-
- individually impaired	(1,455)	(1,455)	-	-
Subsidiaries	-	-	4,386	4,051
Net trade receivables – subtotal	3,529	3,544	4,386	4,051
<u>Other receivables:</u>				
Subsidiaries (Note 3)	-	-	11,507	4,534
Associate (Note 3) ^(a)	-	2,584	-	-
Less allowance for impairment:				
- individually impaired	-	(1,661)	(156)	(138)
Insurance recoverable ^(b)	-	655	-	-
Outside party ^(c)	1,000	-	-	-
Net other receivables – subtotal	1,000	1,578	11,351	4,396
Total trade and other receivables	4,529	5,122	15,737	8,447

^(a) In 2022, loan receivable from the associate amounting to RM2,584,000 is unsecured, repayable by 36 instalments of approximately RM103,000 per month commencing from 1 July 2021 to 1 June 2023 and bears a fixed interest of 5.0% per annum (or 5.0% on the impaired amount).

During the year, the amount of RM1,561,000 was received by the group and accordingly an amount of RM585,000 was recognised in the profit and loss due to reversal of allowance for doubtful debts provided in prior years.

^(b) In 2022, this relates to insurance recoverable from damage of inventories during a flood event in a subsidiary. The recoverable amount was fully received during the reporting year.

^(c) This relates to the amount held by the purchaser's solicitors which will be released to the subsidiary upon fulfilment of transferring the freehold land and building to the purchaser under the sale and leaseback agreement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Movements in above allowance:</u>				
Balance at beginning of the year	3,431	1,848	138	127
Allowance for impairment on trade receivables:				
– collectively impaired (reversed)	151	(310)	–	–
– individually impaired	–	1,455	–	–
Allowance for impairment on other receivables due from subsidiary:				
– individually impaired	–	–	18	11
Allowance for impairment on other receivables due from associate:				
– individually (reversed) impaired	(585)	438	–	–
Used	(1,076)	–	–	–
Balance at end of the year	1,921	3,431	156	138
<u>Loan receivable from associate:</u>				
Movements during the year – at cost:				
Balance at beginning of the year	2,584	3,230	–	221
Interest income	53	155	–	4
Write off during the year	(1,076)	–	–	–
Repayment	(1,561)	(801)	–	(225)
Balance at end of the year	–	2,584	–	–

As the group and company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

(i) Concentration of credit risk

There is a significant concentration of credit risk with respect to trade receivables as the exposure is spread over a few number of counter-parties and customers.

(ii) Credit risk exposure

The group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk for trade receivables by countries at the end of the reporting period, approximately:

- 84% (2022: 84%) of the group's trade receivables from Malaysia.
- 16% (2022: 16%) of the group's trade receivables from other countries.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

YEAR ENDED 28 FEBRUARY 2023

18. TRADE AND OTHER RECEIVABLES (CONT'D)

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 90 days (2022: 30 to 90 days). But some customers take a longer period to settle the amounts.

- (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	
	2023	2022
	RM'000	RM'000
<u>Trade receivables:</u>		
Less than 3 months	3,370	3,429
3 to 6 months	10	22
Over 6 months	149	93
Total	3,529	3,544

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

	Group	
	2023	2022
	RM'000	RM'000
<u>Trade receivables:</u>		
Less than 3 months	-	36
Over 6 months	1,455	1,419
Total	1,455	1,455

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling RM1,455,000 (2022: RM1,455,000) of the group that are determined to be impaired at the end of the reporting year. These are not secured.

The expected credit losses ("ECL") on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all such assets recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions. The allowance model is based on the historical observed default rates (over a period of 12 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing of the all the balances is as follows:

	Gross amount ^(a)		Expected loss rate		Loss allowance	
	2023 RM'000	2022 RM'000	2023 %	2022 %	2023 RM'000	2022 RM'000
<u>Trade receivables:</u>						
1 to 30 days past due	2,080	3,352	1	1	16	35
31 to 60 days past due	981	118	1	5	5	6
61 to 90 days past due	330	1	2	14	8	–
91 to 120 days past due	8	5	–	26	–	–
121 to 150 days past due	12	22	17	31	2	7
151 days to 1 year past due	412	140	64	63	263	88
Over 1 year past due	172	221	100	81	172	179
Total	3,995	3,859			466	315

(a) Excluding trade receivable amounts that are individually impaired.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

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

	Group	
	2023 RM'000	2022 RM'000
Top 1 customer	1,455	1,455
Top 2 customers	2,693	2,389
Top 3 customers	3,743	3,271

The other receivables shown above are subject to the expected credit loss (“ECL”) allowance assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of any expected 12 month expected credit losses. At the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and cash flow projections and available published information about debtors that is available without undue cost or effort) and applying experienced credit judgement.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

19. OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Advance payments on purchases of inventories	1,010	458	-	-
Deposits to secure services	1,339	212	-	-
Prepayments	631	584	31	32
Tax recoverable	22	302	-	-
Total other non-financial assets	3,002	1,556	31	32

20. OTHER FINANCIAL ASSETS

	Level	Group	
		2023 RM'000	2022 RM'000
<u>Financial assets at fair value through profit or loss:</u>			
Money market funds and other fixed income investments			
Country: Malaysia	1	-	-
<u>Movement during the year:</u>			
Fair value at beginning of the year		-	2,433
Additions		-	34
Redemptions		-	(2,467)
Fair value at end of the year		-	-

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 are managed by investment banks in Malaysia. There were no restrictions on the withdrawal of funds and they were designated as fair value through profit or loss. The change in fair value is not significant.

In 2022, the financial assets bore an effective interest rate that ranged between 2.34% to 2.45% per annum. The interest income from asset at fair value is RM34,000 and is not subject to tax.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Not restricted in use	24,421	8,074	3,765	178
Restricted in use ^(a)	994	976	–	–
Total cash and cash equivalents	25,415	9,050	3,765	178
Interest earning balances	994	976	–	–

^(a) This is for fixed deposits held by a banker to cover the bank facilities granted to the group (see Note 23).

The rates of interest for the cash on interest earning balances is ranged between 1.60% to 2.25% per annum (2022: 1.60% to 1.75%), and for a tenor of one to twelve months.

21A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2023 RM'000	2022 RM'000
Amount as shown above	25,415	9,050
Cash pledged for bank facilities	(994)	(976)
Cash and cash equivalents at end of the year	24,421	8,074

21B. Non-cash transactions:

	Group	
	2023 RM'000	2022 RM'000
Acquisitions of certain assets under property, plant and equipment under bank loans	140	1,263

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

21. CASH AND CASH EQUIVALENTS (CONT'D)

21C. Reconciliation of liabilities arising from financing activities:

	At beginning of the reporting year RM'000	Cash flows RM'000	Non-cash changes RM'000	At end of the reporting year RM'000
<u>2023:</u>				
Other financial liabilities	3,507	(2,583)	–	924
Lease liabilities	–	(675)	7,634 ^(b)	6,959
Net	3,507	(3,258)	7,634	7,883
<u>2022:</u>				
Other financial liabilities	3,222	(978)	1,263 ^(a)	3,507
Lease liabilities	33	(33)	–	–
Net	3,255	(1,011)	1,263	3,507

^(a) Acquisition of property, plant and equipment under bank loans and finance lease.

^(b) Arises from addition of lease liabilities and accretion of interest.

22. SHARE CAPITAL

	Group and Company	
	Number of shares issued '000	Share capital RM'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 March 2021, 28 February 2022	135,000	62,513
Capital reduction via cash distribution ^(a)	–	(26,078)
Balance as at 28 February 2023	135,000	36,435

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.

^(a) On 25 November 2022, the company reduced the paid-up share capital by returning the sum of RM26,078,000 (equivalent to SGD8,100,000) to the shareholders on the basis of RM0.19 (equivalent to SGD0.06) for each share held.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

22. 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.

23. OTHER FINANCIAL LIABILITIES

	Group	
	2023	2022
	RM'000	RM'000
<u>Current:</u>		
Financial instruments with floating interest rates:		
Bankers' acceptance (secured) (Note 23A)	–	1,888
Bankers' acceptance (unsecured) (Note 23B)	924	561
Bank loans (secured) (Note 23A)	–	450
Total current portion	924	2,899
<u>Non-Current:</u>		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 23A)	–	608
Total non-current portion	–	608
Total non-current and current	924	3,507

NOTES TO THE FINANCIAL STATEMENTS

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23. OTHER FINANCIAL LIABILITIES (CONT'D)

The range of floating interest rates paid was as follows:

	Group	
	2023 RM'000	2022 RM'000
Bank overdrafts	–	6.82%
Bank loans	–	3.19%
Bankers' acceptance	3.37% to 3.75%	3.44% to 4.05%

23A. Bank overdrafts and bankers' acceptance (secured)

In 2022, 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 building of the group as disclosed in Note 12;
- (b) Joint and several guarantees by the non-controlling shareholders of a subsidiary;
- (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 21).

The amount was fully repaid during the reporting year.

23B. Bankers' acceptance (unsecured)

The bank agreements for certain of the bankers' acceptance are secured by corporate guarantee from the parent company, a related company and pledged of fixed deposits held by the banks (Note 21).

The fair values of the 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. The carrying amount is a reasonable approximation of fair value (Level 2).

24. LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	Group	
	2023 RM'000	2022 RM'000
Lease liabilities, current	2,408	–
Lease liabilities, non-current	4,551	–
	6,959	–

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use-assets are disclosed in Notes 12 and 13.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

24. LEASE LIABILITIES (CONT'D)

Leases for right-to-use assets – The reporting entity has a few leases relating to the freehold land and building and motor vehicle. Other information about the leasing activities are summarised as follows – The leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases are for terms between 3 to 5 years. Certain of the leases provide options to purchase the underlying leased asset outright (eg, motor vehicle). There is an option to extend the lease relating to the freehold land and building for a further term of 3 years. However, management did not proceed with this extension.

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

The weighted average incremental borrowing rate applied to lease liabilities recognised is 4.83% and 5.66% per year.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

25. PROVISIONS

	Group	
	2023 RM'000	2022 RM'000
Litigation	1,680	840
Movements in above provision:		
At beginning of the year	840	–
Provision charged to profit or loss included in other losses	840	840
Total	1,680	840

Any litigation in which the entity is involved is analysed at each reporting date. When necessary, legal advice is sought and provisions are recorded.

- (i) In 2022, a customer commenced legal proceedings against a subsidiary of the group for breach of contract. The customer claimed for damages in the sum of RM1,680,000. During the reporting year ended 28 February 2022, the management recognized a provision of RM840,000, being 50% of the amount claimed by the customer as it was difficult for the subsidiary of the group to provide a reasonable estimate of the amount of obligation at that juncture.

During the reporting year, the Court directed parties to the legal proceedings to exchange documents in support of their respective claims. Having perused the evidence submitted by the customer in support of their claim, the management is of the opinion that it is probable that an outflow of resources will be required to fulfil the claim made by the customer. Consequently, the management made an additional provision of RM840,000 during the reporting year ended 28 February 2023. The total provision made as at 28 February 2023 is RM1,680,000.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

25. PROVISIONS (CONT'D)

- (ii) Concurrently in 2022, the subsidiary commenced adjudication proceedings against the abovesaid customer for non-payment of work done. In August 2022, the Adjudicator allowed the subsidiary's claim ("Adjudication Decision") and thereafter, the subsidiary apply to the High Court to enforce the Adjudication Decision as if it is a judgment of the High Court in Malaya. On 3 April 2023, the High Court allowed the subsidiary's application ("Order"). On 12 April 2023, a Statutory Demand for the sum of RM1,318,000 premised on the Order was served on the customer. This amount has not been accounted for as a receivable as at 28 February 2023 as the judgment was served after the reporting year.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Trade payables:</u>				
Outside parties	2,321	3,938	–	–
Trade payables – subtotal	2,321	3,938	–	–
<u>Other payables:</u>				
Dividend payable (Note 11)	8,083	–	8,083	–
Outside parties and accrued liabilities	2,037	1,891	394	260
Deposits received from customers ^(a)	2,232	1,028	–	–
Other payables – subtotal	12,352	2,919	8,477	260
Total trade and other payables	14,673	6,857	8,477	260

- ^(a) Transaction price allocated to the remaining performance obligations: The aggregate amount of transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations as of 28 February 2023 is approximately RM2,232,000 (2022: RM1,028,000). The group expects to recognise all its unsatisfied (or partially unsatisfied) performance obligations as at 28 February 2023 within 1 year of the reporting year.

27. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
Commitment to purchase of plant and equipment	–	570

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL INFORMATION BY OPERATING SEGMENTS

28A. 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 SFRS(I) 8 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 export sales segment is for sales of office furniture to countries overseas. The domestic sales segment is for sales of office furniture derived from local market in Malaysia. 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.

28B. Profit or loss from continuing operations and reconciliations

	Export RM'000	Domestic RM'000	Group RM'000
Continuing operations 2023			
Revenue by segment			
Total revenue by segment	40,274	11,242	51,516
Inter-segment sales	(6,679)	–	(6,679)
Total revenue	33,595	11,242	44,837
Cost of sales by segment			
Total cost of sales by segment	(32,014)	(8,017)	(40,031)
Inter-segment cost of sales	6,710	–	6,710
Total cost of sales	(25,304)	(8,017)	(33,321)
Gross profit	8,291	3,225	11,516
Recurring EBITDA			18,275
Interest income			264
Finance costs			(214)
Depreciation			(2,242)
Profit before tax			16,083
Income tax expense			(286)
Profit, net of tax			15,797

NOTES TO THE FINANCIAL STATEMENTS

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

28B. Profit or loss from continuing operations and reconciliations (cont'd)

	Export RM'000	Domestic RM'000	Group RM'000
Continuing operations 2022			
Revenue by segment			
Total revenue by segment	34,103	8,871	42,974
Inter-segment sales	(5,199)	–	(5,199)
Total revenue	28,904	8,871	37,775
Cost of sales by segment			
Total cost of sales by segment	(27,822)	(6,692)	(34,514)
Inter-segment cost of sales	5,204	–	5,204
Total cost of sales	(22,618)	(6,692)	(29,310)
Gross profit	6,286	2,179	8,465
Recurring LBITDA			(163)
Interest income			224
Finance costs			(147)
Depreciation			(2,232)
Loss before tax			(2,318)
Income tax expense			(36)
Loss, net of tax			(2,354)

28C. Assets and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
<u>2023:</u>				
Total assets for reportable segments	41,060	8,980	58,859	108,899
Elimination of inter-segment receivables	(1,247)	(2)	(55,062)	(56,311)
Total group assets	39,813	8,978	3,797	52,588
<u>2022:</u>				
Total assets for reportable segments	49,799	8,287	63,926	122,012
Elimination of inter-segment receivables	(568)	(32)	(63,715)	(64,315)
Total group assets	49,231	8,255	211	57,697

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

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

28D. Liabilities and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
<u>2023:</u>				
Total liabilities for reportable segments	22,083	10,664	8,639	41,386
Elimination of inter-segment payables	(9,704)	(7,281)	(155)	(17,140)
Unallocated:				
Deferred tax liabilities	–	–	400	400
Total group liabilities	12,379	3,383	8,884	24,646
<u>2022:</u>				
Total liabilities for reportable segments	10,813	9,145	413	20,371
Elimination of inter-segment payables	(2,198)	(6,800)	(155)	(9,153)
Unallocated:				
Deferred tax liabilities	–	–	173	173
Total group liabilities	8,615	2,345	431	11,391

28E. Other material items and reconciliations

	Export RM'000	Domestic RM'000	Group RM'000
Capital expenditure for non-current assets:			
2023	445	163	608
2022	2,485	2	2,487
Allowance (Reversal) on inventory, net:			
2023	35	(48)	(13)
2022	331	11	342
Allowance (Reversal) for impairment on trade receivables:			
2023	49	102	151
2022	(310)	1,455	1,145

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

28. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)**28F. Geographical information**

Revenue based on geographical locations of customers is as follows:	2023	2022
	RM'000	RM'000
<u>Revenue:</u>		
Malaysia	21,718	15,436
Middle East	4,939	3,350
North America	13,113	14,108
Asia	4,253	3,990
Singapore	545	574
Others	269	317
Consolidated revenue	44,837	37,775

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

28G. Information about major customers

	2023	2022
	RM'000	RM'000
Top 1 customer in more than one segment	10,476	8,423
Top 2 customers in more than one segment	17,296	13,862
Top 3 customers in more than one segment	21,327	17,754

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS**29A. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Financial assets:</u>				
Financial assets at amortised cost	29,944	14,172	19,502	8,625
At end of the year	29,944	14,172	19,502	8,625
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	20,324	9,336	8,477	260
At end of the year	20,324	9,336	8,477	260

Further quantitative disclosures are included throughout these financial statements.

YEAR ENDED 28 FEBRUARY 2023

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29B. 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.

29C. 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.

29D. Credit risk on financial assets

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the reporting entity applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 21 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

YEAR ENDED 28 FEBRUARY 2023

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)**29E. Liquidity risk – financial liabilities maturity analysis**

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 (2022: 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.

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

	Less than one year RM'000	Two to five years RM'000	Total RM'000
Group			
<u>2023:</u>			
<u>Non-derivative financial liabilities:</u>			
Trade and other payables	12,441	–	12,441
Gross borrowing commitments	924	–	924
Lease liabilities	2,681	4,741	7,422
At end of the year	16,046	4,741	20,787
<u>2022:</u>			
<u>Non-derivative financial liabilities:</u>			
Trade and other payables	5,829	–	5,829
Gross borrowing commitments	3,012	622	3,634
At end of the year	8,841	622	9,463

	Company	
	2023 RM'000	2022 RM'000
<u>Less than one year</u>		
<u>Non-derivative financial liabilities:</u>		
Trade and other payables	8,477	260

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.

	Group	
	2023 RM'000	2022 RM'000
Undrawn borrowing facilities	1,876	11,357

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)**29E. Bank facilities: (cont'd)**

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.

29F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Financial liabilities with interest:</u>				
Fixed rates	121	–	–	–
Floating rates	924	3,507	–	–
Total at end of the year	1,045	3,507	–	–
<u>Financial assets with interest:</u>				
Fixed rates	994	3,560	–	–
Total at end of the year	994	3,560	–	–

The interest rates are disclosed in Notes 20, 21, 23 and 24.

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

29G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

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

29G. Foreign currency risks (cont'd)

Analysis of amounts denominated in non-functional currencies:

	Singapore Dollar RM'000	United States Dollar RM'000	Thai Baht RM'000	Chinese Renminbi RM'000	Total RM'000
<u>Group</u>					
<u>2023:</u>					
<u>Financial assets:</u>					
Cash and bank balances	6,228	2,281	–	–	8,509
Trade and other receivables	–	535	–	–	535
Total financial assets	6,228	2,816	–	–	9,044
<u>Financial liabilities:</u>					
Trade and other payables	(108)	(805)	(491)	–	(1,404)
Total financial liabilities	(108)	(805)	(491)	–	(1,404)
Net financial assets (liabilities) at end of the year	6,120	2,011	(491)	–	7,640
<u>2022:</u>					
<u>Financial assets:</u>					
Cash and bank balances	311	818	–	–	1,129
Trade and other receivables	10	1,940	–	–	1,950
Total financial assets	321	2,758	–	–	3,079
<u>Financial liabilities:</u>					
Trade and other payables	(270)	–	(956)	(2)	(1,228)
Total financial liabilities	(270)	–	(956)	(2)	(1,228)
Net financial assets (liabilities) at end of the year	51	2,758	(956)	(2)	1,851

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2023

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

29G. Foreign currency risks (cont'd)

Company	Singapore Dollar	
	2023 RM'000	2022 RM'000
<u>Financial assets:</u>		
Cash and bank balances	3,765	178
Trade and other receivables	31	32
Total financial assets	3,796	210
<u>Financial liabilities:</u>		
Trade and other payables	(394)	(260)
Total financial liabilities	(394)	(260)
Net financial assets (liabilities) at end of the year	3,402	(50)

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

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

30. EVENTS AFTER THE END OF THE REPORTING YEAR

On 10 May 2023, the group entered into a share sale agreement to dispose of all its shares in an associate, Alca Vstyle Sdn. Bhd. ("AVSB"), for a cash consideration of RM1 to an existing shareholder of AVSB.

31. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
Various	Annual Improvements to SFRS(I)s 2018-2020 - Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); IFRS 9 Financial Instruments; SFRS(I) 16 Leases, and ;SFRS(I) 1-41 Agriculture

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

For the future reporting years certain new or revised financial reporting standards 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 any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 1-1	Disclosure of Accounting Policies - Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Making Materiality Judgements	1 January 2023
SFRS(I) 1-8	Definition of Accounting Estimates - Amendments to	1 January 2023
SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to	1 January 2023
SFRS(I) 1-16	Lease Liability in a Sale and Leaseback (Amendments)	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

SHAREHOLDINGS STATISTICS

AS AT 23 MAY 2023

SHARE CAPITAL

Issued and fully paid-up capital	: S\$16,735,941.67
Number of issued shares	: 135,000,000
Class of shares	: Ordinary shares
Voting rights	: 1 vote for each ordinary share (excluding treasury shares and subsidiary holdings)
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	12	6.63	5,800	0.00
1,001 - 10,000	50	27.62	303,500	0.23
10,001 - 1,000,000	103	56.91	7,789,000	5.77
1,000,001 AND ABOVE	16	8.84	126,901,700	94.00
TOTAL	181	100.00	135,000,000	100.00

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the Register of Substantial Shareholders, information available to the Company and to the best knowledge of the Company as at 23 May 2023, approximately 22.11% of the total 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	Lee Yuet Chin	18,363,500	13.60
2	Law Kian Siong	15,464,000	11.45
3	Law Pei Ling	15,464,000	11.45
4	Law Kian Guan (Liu Jianyuan)	15,464,000	11.45
5	Law Boon Seng	14,365,100	10.64
6	Law Kian Hong	12,564,500	9.31
7	CGS-CIMB Securities (Singapore) Pte. Ltd.	11,124,000	8.24
8	Lee Chung Wah @ Lee Chung Fu	6,000,000	4.44
9	BNP Paribas Nominees Singapore Pte. Ltd.	5,000,000	3.70
10	OCBC Securities Private Limited	3,591,400	2.66
11	Gan Kim Cho @Gan Kim Chor	2,761,100	2.05
12	Yeo Khee Seng Benny	2,190,600	1.62
13	Lim Chye Huat @ Bobby Lim Chye Huat	1,360,000	1.01
14	Kek Chin Wu	1,074,900	0.80
15	Phillip Securities Pte Ltd	1,074,300	0.80
16	Chan Sin Keng	1,040,300	0.77
17	Chun Kwong Pong	595,000	0.44
18	Leow Soy Nyuk or Leow Soy Seon	500,500	0.37
19	Leow Kar Ping	429,900	0.32
20	Ho Yew Ming or Wong Phooi Yee	360,000	0.27
TOTAL		128,787,100	95.39

**SUBSTANTIAL SHAREHOLDERS AS AT 23 MAY 2023
(AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)**

No	Name of Shareholders	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total	Percentage (%)
1	Lee Yuet Chin	18,363,500	-	18,363,500	13.60
2	Law Kian Siong	15,464,000	-	15,464,000	11.45
3	Law Pei Ling	15,464,000	278,000 ⁽¹⁾	15,742,000	11.66
4	Law Kian Guan	15,464,000	-	15,464,000	11.45
5	Law Boon Seng	14,365,100	-	14,365,100	10.64
6	Law Kian Hong	12,564,500	-	12,564,500	9.31
7	Yeo Khee Seng Benny	7,190,600 ⁽²⁾	-	7,190,600	5.33

Notes:

⁽¹⁾ Law Pei Ling is deemed to be interested in the 278,000 shares of the Company held by her spouse, Bevan Grant Walters, by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.

⁽²⁾ Yeo Khee Seng Benny holds 2,190,600 shares of the Company in his own name and 5,000,000 shares of the Company through his nominee account under BNP Paribas Nominees Singapore Pte. Ltd..

* Percentage is calculated based on the total number of issued shares of the Company of 135,000,000.

NOTICE OF ANNUAL GENERAL MEETING

VERSALINK HOLDINGS LIMITED
Company Registration No. 201411394N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Versalink Holdings Limited (the “**Company**”) will be convened and held by way of electronic means on Tuesday, 27 June 2023 at 10.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 28 February 2023, together with the Auditor’s Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors’ fees of S\$105,000 for the financial year ending 29 February 2024 (2023: S\$105,000), to be paid monthly in arrears. | Resolution 2 |
| 3. | To re-elect Dato’ Dr Lee Chung Wah, who is retiring in accordance with Article 114 of the Company’s Constitution and who, being eligible, offer himself for re-election as a Director of the Company.
<i>Dato’ Dr Lee Chung Wah shall, upon re-election, remain as an Executive Director of the Company.</i> | Resolution 3 |
| 4. | To re-elect Datuk Lim Tong Lee, who is retiring in accordance with Article 114 of the Company’s Constitution and who, being eligible, offer himself for re-election as a Director of the Company.
<i>Datuk Lim Tong Lee shall, upon re-election, remain as the Independent Non-Executive Chairman of the board of directors of the Company (the “Board”), Chairman of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee of the Company. Datuk Lim Tong Lee is considered independent by the Board for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“Catalist Rules”).</i> | Resolution 4 |
| 5. | To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. | Resolution 5 |
| 6. | To transact any other ordinary business which may be properly transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

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

- | | | |
|----|---|---------------------|
| 7. | Authority to allot and issue shares | Resolution 6 |
| | (a) “That pursuant to Section 161 of the Companies Act 1967 of Singapore (“ Companies Act ”) and Rule 806 of the Singapore Exchange Securities Trading Limited (“ SGX-ST ”) Listing Manual Section B: Rules of Catalist (“ Catalist Rules ”), authority be and is hereby given to the Directors of the Company to: | |
| | (i) allot and issue shares in the capital of the Company (“ Shares ”) whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively, “ Instruments ”) that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, | |

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation 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 Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new Shares arising from the exercise of share options or vesting of share awards, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (ii)(a) or sub-paragraph (ii)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until: (a) the conclusion of the next annual general meeting of the Company or by the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments."

[See Explanatory Note (i)]

8. Authority to offer and 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) offer and grant awards (“**Awards**”) in accordance with the provisions of the Versalink Performance Share Plan (the “**Plan**”);
- 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 vesting of the Awards granted by the Company under the Plan, whether granted during the subsistence of this authority or otherwise, provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan, when aggregated together with Shares issued and/or issuable in respect of all Awards granted under the Plan, all other existing share schemes or share plans of the Company for the time being, shall not exceed fifteen per centum (15%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and
- c) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or by 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 (ii)]

9. Authority to offer and grant options and to allot and issue shares under the 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 (“**Options**”) in accordance with the provisions of the Versalink Employee Share Option Scheme (the “**Scheme**”);
- 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 granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme, when aggregated together with Shares issued and/or issuable in respect of all Options granted under the Scheme, all other existing share schemes or share plans of the Company for the time being, shall not exceed fifteen per centum (15%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and
- c) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or by 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 (iii)]

Explanatory Notes:

- (i) Resolution 6, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors of the Company may allot and issue under this Resolution will not exceed one hundred per centum (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per centum (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) will be calculated based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities or the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (ii) Resolution 7, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to offer and grant Awards under the Plan and to allot and issue Shares upon the vesting of such Awards in accordance with the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan, when aggregated together with Shares issued and/or issuable in respect of all Awards granted under the Plan, all other existing share schemes or share plans of the Company for the time being, shall not exceed fifteen per centum (15%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.
- (iii) Resolution 8, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to offer and grant Options under the Scheme and to allot and issue Shares upon the exercise of such Options in accordance with the Scheme, provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme, when aggregated together with Shares issued and/or issuable in respect of all Options granted under the Scheme, all other existing share schemes or share plans of the Company for the time being, shall not exceed fifteen per centum (15%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

By Order Of the Board

SEAH KIM SWEE
Company Secretary

Date : 12 June 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

General

- 1) The Annual General Meeting (“AGM”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Annual Report, together with the notice of AGM and accompanying proxy form, will not be sent to members. Instead, the Annual Report, together with the notice of AGM and accompanying proxy form, will be sent to members by electronic means via publication on SGXNet at <https://www.sgx.com/securities/company-announcements> and on the Company’s corporate website at <https://versalink.com/investors>.
- 2) Alternative arrangements relating to participation in the AGM proceedings via electronic means, submission of questions in advance of the AGM or during the AGM, and voting during the AGM or by appointing a proxy or proxies (including the Chairman of the Meeting as proxy) at the AGM, are set out below.

Participation in the AGM proceedings

- 3) **Members will not be able to attend the AGM in person.** Members who wish to attend the AGM via electronic means must pre-register themselves or their appointed proxies at <https://www.events.studio/VersalinkAGM2023> by **10.30 a.m. on 25 June 2023** to enable the Company to verify their status. Pre-registrations received after the deadline will not be processed.

For verification purpose, when pre-registering themselves or their appointed proxy(ies) at <https://www.events.studio/VersalinkAGM2023>, members **MUST** provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC (last 4 alphanumeric characters) / passport number (last 4 alphanumeric characters) / company registration number, shareholding type and number of shares held), failing which the submission will be treated as invalid.

- 4) Following the verification, authenticated members and proxies will receive an email by **10.30 a.m. on 26 June 2023**. The email will contain instructions on how to access the live audio-visual webcast and the live audio-only stream of the AGM proceedings. Members and proxies who have registered by the deadline of **10.30 a.m. on 25 June 2023**, but do not receive an email by **10.30 a.m. on 26 June 2023**, should contact the Company by email at dorothee@versalink.com for assistance.
- 5) Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (including those who hold shares under the Supplementary Retirement Scheme) and who wish to participate in the AGM proceedings via electronic means or submit questions in advance of the AGM, should contact their respective relevant intermediaries (including SRS Operators) as soon as possible in order to make the necessary arrangements for them to do so.
- 6) A Depositor shall not be regarded as a member of the Company entitled to participate in the AGM proceedings and to exercise his voting rights thereat unless his name appears on the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Submission of questions

- 7) Members and proxies who have registered and been authenticated will be able to ask questions relating to the resolutions to be tabled for approval at the AGM during the AGM by submitting text-based questions through the live chat function on the webcast platform. The Company will endeavour to address such questions, which are substantial and relevant, during the AGM.

- 8) Members can also submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner:
- (a) via the pre-registration website at <https://www.events.studio/VersalinkAGM2023>; or
 - (b) by post or sent personally to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632 (Opening Hours are 9.00 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
 - (c) by electronic mail to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.teamd@boardroomlimited.com,

in each case, to be received no later than **10.30 a.m. on 20 June 2023**.

For verification purpose, when submitting any questions via post or email, members **MUST** provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC (last 4 alphanumeric characters) / passport number (last 4 alphanumeric characters) / company registration number, shareholding type and number of shares held), failing which the submission will be treated as invalid.

- 9) The Company will address substantial and relevant questions which are submitted by members in advance of the AGM by the stipulated deadline by publishing the responses to the questions on SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://versalink.com/investors> by **22 June 2023** (being at least forty-eight (48) hours before the closing date and time for the lodgement of the proxy forms for the AGM i.e. 23 June 2023, 10.30 a.m.). The Company will also address any subsequent clarifications sought, or follow-up questions in respect of such substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Voting

- 10) Members (whether individual or corporate) who wish to exercise their voting rights at the AGM may cast their votes remotely in real-time during the AGM or appoint proxies to vote on their behalf remotely in real-time during the AGM. Members may also appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM. The proxy form for the AGM is available on SGXNet at <https://www.sgx.com/securities/company-announcements> and on the Company's corporate website at <https://versalink.com/investors>.
- 11) Unless otherwise permitted under the Companies Act 1967 of Singapore, a member of the Company entitled to attend, speak and vote at the AGM may appoint not more than two proxies to attend, speak and vote instead of him. A proxy (including the Chairman of the Meeting as proxy) need not be a member of the Company. A member who is a relevant intermediary (as defined in the Companies Act 1967 of Singapore) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
- 12) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the proxy form. Where a member appoints the Chairman of the Meeting as his proxy, he must give specific instructions as to voting for, voting against, or abstentions from voting, in respect of each resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for the resolution will be treated as invalid.
- 13) The Company shall be entitled to reject the proxy form 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 proxy form.
- 14) Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (including those who hold shares under the Supplementary Retirement Scheme) and who wish to participate in the AGM proceedings via electronic means or to appoint proxies to vote must approach their respective relevant intermediaries (including SRS Operators) to submit their instructions at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 15 June 2023), to enable their respective relevant intermediaries to submit proxy forms so that they are received no later than 10.30 a.m. on 25 June 2023.

NOTICE OF ANNUAL GENERAL MEETING

- 15) A member who wishes to submit a proxy form to appoint a proxy or proxies (including the Chairman of the Meeting as proxy) to attend and vote remotely in real-time during AGM must first download, complete and sign the proxy form, before submitting it:
- (a) if sent personally or by post, to the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 (Opening Hours is 9.00 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
 - (b) if sent by email, to srs.teamd@boardroomlimited.com,

in either case, to be received not later than 10.30 a.m. on 25 June 2023 (being not less than forty-eight (48) hours before the time appointed for holding the AGM and at any adjournment thereof), failing which the proxy form will be treated as invalid. Members are strongly encouraged to submit completed proxy forms electronically via email.

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 representatives 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.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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

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.

IMPORTANT:

1. The Annual General Meeting of the Company to be held on **Tuesday, 27 June 2023 at 10.30 a.m.** (the "AGM") is being convened and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM dated **12 June 2023** has been published on the SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://versalink.com/investors> on **12 June 2023**.
2. Alternative arrangements for participation in the AGM relating to attendance at the AGM by way of electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream (collectively, "Live Webcast"), submission of questions in advance of the AGM, addressing of substantial and relevant questions in advance of the AGM or during the AGM, and voting during the AGM or by appointing a proxy(ies) and/or representative(s) (including the Chairman of the AGM) as proxy at the AGM, are set out in the Notice of AGM dated **12 June 2023**.
3. For investors who have used their SRS monies to buy the Company's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. SRS investors who wish to vote should contact their SRS Approved Nominees to submit their voting instructions by 5.00 p.m. on **15 June 2023**.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated **12 June 2023**.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies).

**ANNUAL GENERAL MEETING
PROXY FORM**

*I/We _____ (Name) _____ (NRIC/Passport/Registration Number)
of _____ (Address)

being a *member/members of **VERSALINK HOLDINGS LIMITED** (the "Company") hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person or both of the persons above, the Chairman of the Meeting as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf, at the 2023 Annual General Meeting of the Company ("AGM") to be held by electronic means on **Tuesday, 27 June 2023 at 10.30 a.m.** and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM or to abstain from voting, as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies (save where the Chairman of the AGM has been appointed as proxy) will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No	Resolutions	For	Against	Abstain
1	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 28 February 2023, together with the Auditor's Report thereon			
2	To approve the payment of Directors' fees of S\$105,000 for the financial year ending 29 February 2024			
3	To re-elect Dato' Dr Lee Chung Wah as a Director of the Company			
4	To re-elect Datuk Lim Tong Lee as a Director of the Company			
5	To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
6	To authorise the Directors of the Company to allot and issue new shares			
7	To authorise the Directors of the Company to offer and grant awards and to allot and issue shares in accordance with the provisions of the Versalink Performance Share Plan			
8	To authorise the Directors of the Company to offer and grant options and to allot and issue shares in accordance with the provisions of the Versalink Employee Share Option Scheme			

* Delete accordingly

(Please indicate with a cross [X] in the space provided whether you wish to cast all your votes for or against or to abstain from voting on each resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against any resolution and/or to abstain from voting on any resolution, please indicate the number of shares in the respective spaces provided.)

Dated this _____ day of _____ 2023

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

Total number of Shares held

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold and seal here

NOTES:

1. Please insert the total number of shares in the capital of the Company (“Shares”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this proxy form shall be deemed to relate to all the Shares held by you.
2. Members (whether individual or corporate) who wish to exercise their voting rights at the AGM may cast their votes remotely in real-time during the AGM or appoint proxy(ies) to vote on their behalf remotely in real-time during the AGM. Members may also appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.
3. Unless otherwise permitted under the Companies Act 1967 of Singapore, a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote instead of him. A proxy (including the Chairman of the AGM as proxy) need not be a member of the Company. A member who is a relevant intermediary (as defined in the Companies Act 1967 of Singapore) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the proxy form. Where a member appoints the Chairman of the AGM as his proxy, he must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in this proxy form, failing which the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid.
5. An investor holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (“Investors”) (other than SRS investors) will not be able to pre-register at <https://www.events.studio/VersalinkAGM2023>. An Investor (other than SRS investors) who wishes to participate in the live broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register.
6. A member who wishes to submit a proxy form to appoint a proxy or proxies (including the Chairman of the AGM as proxy) must first download, complete and sign this proxy form, before submitting it:
 - (a) if sent personally or by post, to the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 (Opening Hours is 9.00 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
 - (b) if sent by email, to srs.teamd@boardroomlimited.com.

Fold here

Affix
Postage
Stamp

VERSALINK HOLDINGS LIMITED
(Company Registration No. 201411394N)
(Incorporated in the Republic of Singapore)

Fold here

in either case, by 10.30 a.m. on 25 June 2023 (being not less than forty-eight (48) hours before the time appointed for holding the AGM and at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it personally or by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appoint

or are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. For investors who have used their SRS monies (“SRS Investor”) (as may be applicable) to buy Shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 15 June 2023).

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) (including the Chairman of the AGM) as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 June 2023.



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