

ANNUAL REPORT **2024**



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 Catalyst.

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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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 (7) major ports in Malaysia to facilitate the distribution of system 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 (2) 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.



CORPORATE PROFILE AND OUR BUSINESS

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr Ge Shuming <i>Executive Director and Chairman</i>	Mr Chong Kwang Shih <i>Lead Independent Non-Executive Director</i>	Mr Xue Congyan <i>Independent Non-Executive Director</i>
	Mr Law Kian Siong (Matthew Law) <i>Executive Director</i>	Ms Liu Xiaohua <i>Independent Non-Executive Director</i>	
AUDIT COMMITTEE	Mr Chong Kwang Shih <i>(Chairman)</i>	Mr Xue Congyan	Ms Liu Xiaohua
NOMINATING COMMITTEE	Mr Xue Congyan <i>(Chairman)</i>	Ms Liu Xiaohua	Mr Chong Kwang Shih
REMUNERATION COMMITTEE	Ms Liu Xiaohua <i>(Chairlady)</i>	Mr Xue Congyan	Mr Chong Kwang Shih

COMPANY SECRETARY	REGISTERED OFFICE	SHARE REGISTRAR & SHARE TRANSFER OFFICE
Mr Lim Kok Meng	16 Raffles Quay #17-03 Hong Leong Building Singapore 048581 T: (65) 6228 3488 F: (65) 6535 0680 E: ir@versalink.com Website: www.versalink.com	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632

AUDITORS	SPONSOR
RSM SG Assurance LLP (previously known as RSM Chio Lim LLP) 8 Wilkie Road #04-08 Wilkie Edge Singapore 228095 T: (65) 6533 7600 F: (65) 6594 7811 <small>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)</small>	ZICO Capital Pte. Ltd. 77 Robinson Road #06-03 Robinson 77 Singapore 068896

PRINCIPAL PLACE OF BUSINESS	PRINCIPAL BANKERS
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	AmBank (M) Berhad 4, 1st Floor, Jalan Puteri 1/1 Bandar Puteri, 47100 Puchong Selangor Darul Ehsan, Malaysia United Overseas Bank (Malaysia) Berhad Level 20, Plaza 1 UOB KL, 7, 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

DIRECTORS' PROFILE



Mr. Ge Shuming was appointed as an Executive Director of the Company and Chairman of the Board of Directors of the Company on 19 July 2023.

Mr. Ge Shuming is primarily responsible for the business development of the Company, including but not limited to setting proactive new business goals, to identify potential risk and opportunities, as well as to lead business decisions to drive the growth of the Company.

Mr. Ge Shuming has over 7 years experience in corporate management, at the same time, he also has many years of experience in the operation and marketing management in the biological industry. He is very insightful in industrial layout and strategic planning, and has lots of effective practical application cases in human resource management and performance management.

Mr. Ge Shuming holds a Bachelor of Pharmaceutical Engineering from the Minzu University of China, and a Master of Business Management from Hong Kong Polytechnic University.

Mr. Ge Shuming is retiring pursuant to Article 118 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):
NIL



Mr. 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 of the Group since 2012. On 19 July 2023, he had been re-designated from Executive Director and Group Chief Executive Officer of the Company to Executive Director of the Company.

Mr. 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.

Mr. Matthew Law holds a Bachelor's Degree in Business Administration from Camden University of the USA, and is currently the Director of the Malaysian Timber Council, the Deputy President of the Malaysian Furniture Council and the Executive Advisor of the KL and Selangor Furniture Association.

Mr. Matthew Law was re-appointed as an Executive Director 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 Directorship:
NIL

Past Listed Directorship (Preceding Five Years):
NIL



Ms. Liu Xiaohua was appointed as an Independent Non-Executive Director on 19 July 2023. She is currently the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nominating Committee.

Ms. Liu Xiaohua comes with a multi-disciplinary background, having begun her career in the legal industry as a legal specialist and lawyer, before transiting into project management and investment. She has over 10 years' experience in corporate advisory and equity markets, predominantly in China.

Ms. Liu Xiaohua was also appointed as an Independent Non-Executive Director, Chairman of the Board, Chairman of the Nominating Committee, and Chairman of the Audit Committee of Camsing Healthcare Limited.

Ms. Liu Xiaohua has a Master of Law from the China University of Geosciences in Beijing and a Bachelor of Law from Tianjin University of Commerce.

Ms. Liu Xiaohua is retiring pursuant to Article 118 of the Company's Constitution and will be seeking re-election at the upcoming Annual General Meeting.

Other Present Listed Directorships:
Camsing Healthcare Limited
First Capital Securities Co., Ltd.

Past Listed Directorships (Preceding Five Years):
Northern Minerals Limited
Nanjing Tracy Energy Technology Co., Ltd.

DIRECTORS' PROFILE



Mr. Chong Kwang Shih was appointed as Lead Independent Non-Executive Director on 19 October 2023. He is currently the Chairman of the Audit Committee as well as a member of the Remuneration Committee and the Nominating Committee.

Mr. Chong Kwang Shih has extensive experience in senior financial roles, bringing with him more than 25 years of experience in financial management, fund raising, restructuring and investments. He was the Chief Financial Officer (“**CFO**”) for several companies listed on the SGX-ST, including DLF Holdings Limited (now known as OIO Holdings Limited), OEL (Holdings) Limited and Jade Technologies Holdings Ltd (now known as Emerging Towns & Cities Singapore Ltd). In his CFO roles, he was involved in financial and management reporting, budgeting, regulatory and financial controls, risk management, statutory compliance, due diligence, process improvements, treasury and management recruitment.

Mr. Chong Kwang Shih is currently the CFO of CYS Global Remit Pte Ltd (“**CYS**”). CYS is a leading Singapore major payment institution licenced by the Monetary Authority of Singapore. It specializes in cross-border payments in the Asia Pacific region.

Mr. Chong Kwang Shih graduated from Victoria University of Wellington, New Zealand with a Bachelor of Commerce and Administration, majoring in Accountancy.

Mr. Chong Kwang Shih is retiring pursuant to Article 118 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):
AGV Group Limited



Mr. Xue Congyan was appointed as an Independent Non-Executive Director on 19 July 2023. He is currently the Chairman of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee.

Mr. Xue Congyan has over 20 years of extensive experience in international mergers and acquisitions and corporate finance, having led or managed many transactions, including fundraising, public listings, mergers and acquisitions, and investment management across a variety of industries.

Mr. Xue Congyan is also an Independent Non-Executive Director of Camsing Healthcare Limited as well as an Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees of Zixin Group Holdings Limited.

Mr. Xue Congyan had been worked in professional capital markets firms including Beijing Chum Investment Corporation and Chardan Capital Markets LLC. Presently, he serves as the Managing Director of Go & Company (HK) Limited which he co-founded in April 2012, and Founder of Mundial Financial Group, LLC as well as Founder of Beijing Gloryhope Capital (Limited Partnership).

Mr. Xue Congyan earned his Bachelor of Science in Computer Science from Angeles University of the Philippines in 2000, a Master of Science in International Finance (with Merit) from University of Leeds of United Kingdom in 2003, and a Master of Science in Global Finance from HKUST & NYU Stern School of Business in 2013.

Mr. Xue Congyan is retiring pursuant to Article 118 of the Company's Constitution and will be seeking re-election at the upcoming Annual General Meeting.

Other Present Listed Directorships:
Camsing Healthcare Limited
Zixin Group Holdings Limited

Past Listed Directorship
(Preceding Five Years):
Northern Minerals Limited

KEY MANAGEMENT PROFILE

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.

Dato' Dr Lee Chung Wah

(Executive Advisor)

Dato' Dr Lee Chung Wah was appointed as an Independent Non-Executive Director of the Company on 7 October 2020 and was appointed as the Independent Non-Executive Chairman of the Board of the Company on 1 September 2021. He was re-designated as an Executive Director on 8 March 2022. He ceased as Executive Director on 19 July 2023 and remains as an Executive Advisor for Jemaramas Jaya Sdn. Bhd.. Dato' Dr Lee Chung Wah is responsible to advise and set proactive new business goals and objectives, to advise business decisions to drive the growth of the company, to assist and to identify key personnel to determine competencies required to attain business goals/objectives and to work efficiently and effectively with the management.

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 Ltd. 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.

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.

KEY MANAGEMENT PROFILE

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, VISION AND CORE VALUES



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.



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.



POSITIVE ATTITUDE

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



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.



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.



KEEP OUR COMMITMENTS

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



STRIVE TO BE MORE

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

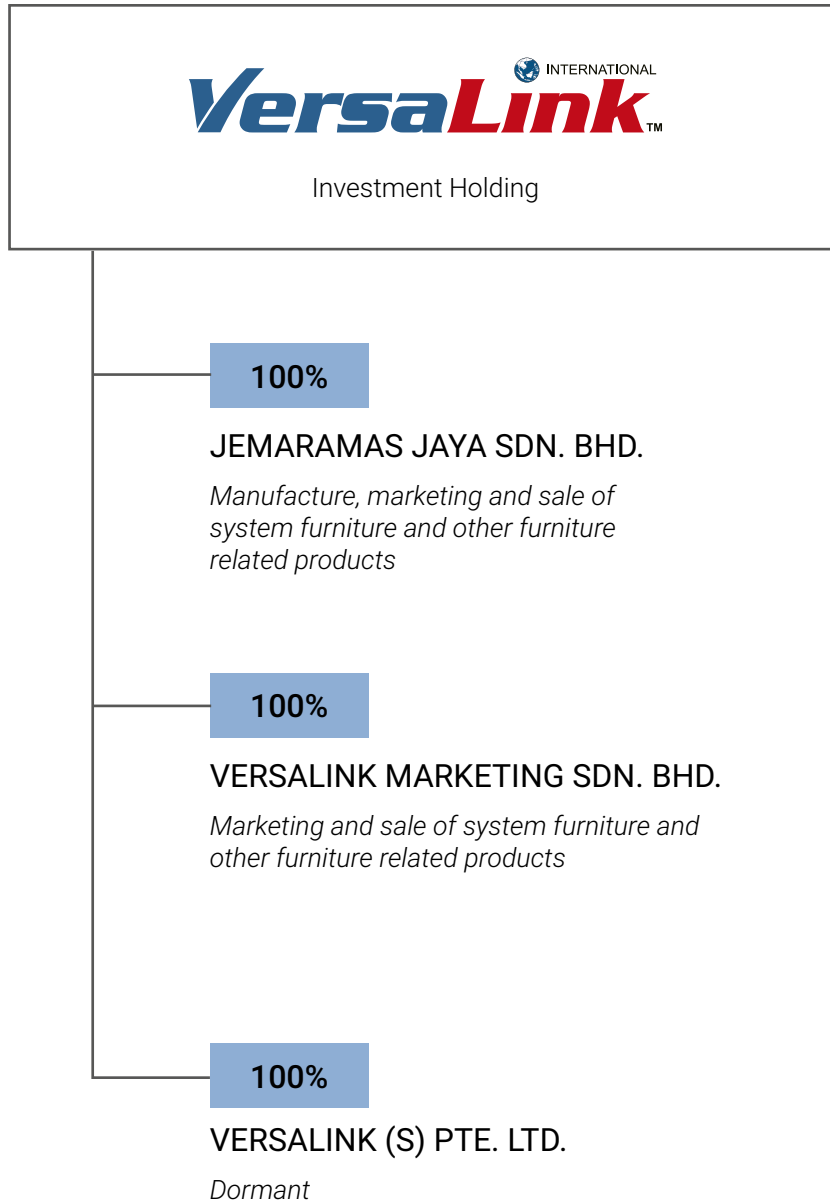


BEING RESPONSIBLE

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.

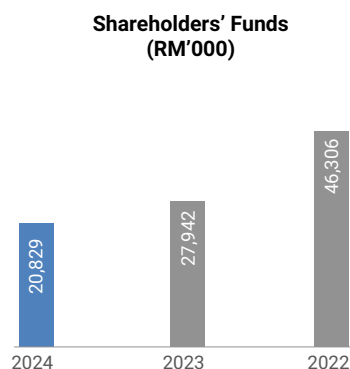
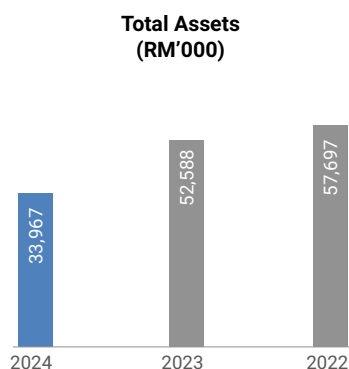
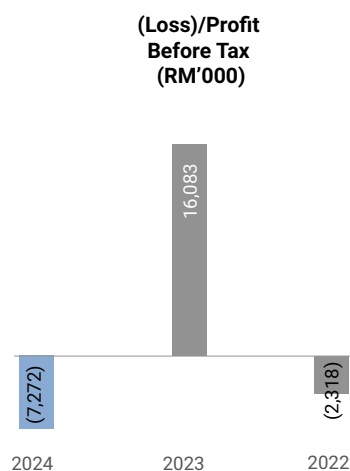
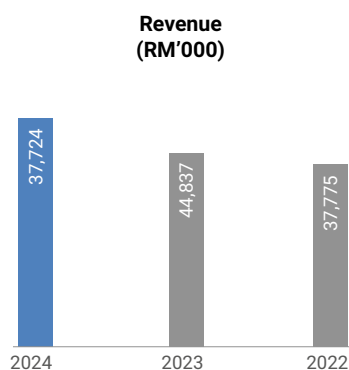
CORE VALUES

GROUP CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR	FY2024 RM'000	FY2023 RM'000	FY2022 RM'000
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	37,724	44,837	37,775
(Loss)/Profit, before tax	(7,272)	16,083	(2,318)
(Loss)/Profit, net of tax attributable to owners of the Company	(7,076)	15,797	(2,354)
Statement of Financial Position			
Total assets	33,967	52,588	57,697
Equity attributable to owners of the Company (Shareholders' Funds)	20,829	27,942	46,306
Share capital	36,435	36,435	62,513
Ratios			
(Loss)/Earnings per share (sen)			
- On weighted average number of ordinary shares in issue	(5.24)	11.70	(1.74)
- On fully diluted basis	(5.24)	11.70	(1.74)





ACOUSTIC PODS

Sharing Pod 2.0
Telepod 2.0



CHAIRMAN'S STATEMENT



Mr Ge Shuming

Executive Director and 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 29 February 2024 (“**FY2024**”).

FINANCIAL PERFORMANCE

REVENUE

The Group’s revenue for FY2024 was approximately RM37.72 million, a decrease of approximately RM7.12 million or 15.9% as compared to approximately RM44.84 million reported in the previous financial year ended 28 February 2023 (“**FY2023**”). The revenue contribution by export segment amounted to 77.4% and 74.9% of the Group’s total revenue in FY2024 and FY2023 respectively whilst the revenue contribution by domestic segment amounted to 22.6% and 25.1% of the Group’s total revenue in FY2024 and FY2023 respectively.

- **Export segment**

The export segment recorded a lower revenue of approximately RM29.21 million in FY2024, as compared to approximately RM33.60 million in FY2023. The decrease in revenue of approximately RM4.39 million was mainly contributed by the decrease in revenue from North America, Malaysia, Singapore and other countries of approximately RM10.02 million from approximately RM24.41 million in FY2023 to approximately RM14.39 million in FY2024, partially offset against increase in revenue from Middle East, Asia and Africa of approximately RM5.63 million from approximately RM9.19 million in FY2023 to approximately RM14.82 million in FY2024.

- **Domestic segment**

The domestic segment also recorded a lower revenue of approximately RM8.51 million in FY2024, as compared to approximately RM11.24 million in FY2023. The decrease in revenue of approximately RM2.73 million was mainly contributed by (i) the decrease in revenue from the Central Region of Peninsular Malaysia of approximately RM3.06 million from approximately RM8.83 million in FY2023 to approximately RM5.77 million in FY2024; and (ii) the decrease in revenue from sales by dealers of approximately RM0.15 million from approximately RM0.68 million in FY2023 to approximately RM0.53 million in FY2024, partially offset against the increase in revenue from Northern Region of Peninsular Malaysia of approximately RM0.48 million from approximately RM1.73 million in FY2023 to approximately RM2.21 million in FY2024.

The decrease in revenue for both segments in FY2024 was mainly due to the lower customer orders in FY2024 as compared to FY2023 owing to tepid demand from export customers and sluggish demand from domestic customers.

CHAIRMAN'S STATEMENT

GROSS PROFIT

The gross profit and gross profit margin had dropped from approximately RM11.52 million and 25.7% in FY2023 to approximately RM5.31 million and 14.1% in FY2024. The decreases in gross profit and gross profit margin were in tandem with the decrease in the Group's revenue and cost of sales by 15.9% and 2.7% respectively.

- **Export Segment**

The gross profit and gross profit margin for export segment decreased from approximately RM8.29 million and 24.7% in FY2023 to approximately RM3.48 million and 11.9% in FY2024. The gross profit and gross profit margin decreased mainly due to (i) the increase of staff cost at 16.8% of export revenue in FY2024 (FY2023: 14.6%) as the result of a complete full year of the implementation of the minimum monthly wage by Ministry of Human Resources Malaysia (FY2023 : period of 10 months); and (ii) the increase of production overhead at 18.5% of export revenue in FY2024 (FY2023: 9.44%) as the result of (a) the repairs and maintenance of plant, machinery and premises of approximately RM0.72 million in FY2024 (FY2023: Nil); (b) cost for the relocation of machinery of approximately RM0.24 million in FY2024 (FY2023: Nil); and (c) allowance for slow moving inventories of approximately RM1.32 million (FY2023: Nil); partially offset against the reduction of direct material consumption at 47.8% of export revenue in FY2024 (FY2023: 49.1%).

- **Domestic Segment**

The gross profit and gross profit margin for domestic segment also decreased from approximately RM3.23 million and 28.7% in FY2023 to approximately RM1.83 million and 21.5% in FY2024. The gross profit and gross profit margin decreased mainly due to allowance for slow moving inventories of RM0.89 million (FY2023: Nil).

INTEREST INCOME

Interest income increased by approximately RM0.38 million from approximately RM0.26 million in FY2023 to approximately RM0.64 million in FY2024 mainly due to late payment interest received from litigation case of approximately RM0.33 million in FY2024 (FY2023: approximately RM0.05 million).

OTHER INCOME AND GAINS

Other income and gains decreased by RM18.27 million or approximately 91.1% from approximately RM20.06 million in FY2023 to approximately RM1.79 million in FY2024 mainly due to the absence of an one-off gain on disposal of property, plant and equipment in FY2024 (FY2023: approximately RM19.21 million) and the absence of insurance claims in FY2024 (FY2023: approximately RM0.26 million), partially offset by the collection from the litigation case of approximately RM1.86 million in FY2024 (FY2023: Nil). For more information on the litigation case, please refer to the Company's announcements dated 23 February 2022, 24 August 2022, 7 October 2022, 11 April 2023, 9 May 2023, 31 October 2023, 29 November 2023 and 9 January 2024.

MARKETING AND DISTRIBUTION EXPENSES

Marketing and distribution expenses increased by approximately RM0.06 million or approximately 1.6% from approximately RM3.71 million in FY2023 to approximately RM3.77 million in FY2024. This was mainly due to the increase of professional legal fees for the litigation case of approximately of RM0.39 million in FY2024 (FY2023: approximately RM0.09 million) and partially offset by the absence of allowance for doubtful debts and deposits paid in FY2024 (FY2023: RM0.30 million).

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately RM0.69 million or approximately 8.1% from approximately RM8.52 million in FY2023 to approximately RM7.83 million in FY2024. This was mainly due to the decrease of levy expenses for foreign employees of approximately RM0.26 million and the absence of professional fees incurred for the disposal of property in FY2024 (FY2023: approximately RM1.23 million), partial offset against a complete full year depreciation of right-of-use asset relating to the sale and leaseback of property of approximately RM1.06 million in FY2024 (FY2023: period of 3 months of approximately RM0.27 million).

CHAIRMAN'S STATEMENT

DEPRECIATION EXPENSES

Depreciation expenses for plant and equipment decreased from approximately RM1.98 million in FY2023 to approximately RM1.61 million in FY2024 mainly due to the absence of the depreciation of building, renovation, furniture and fitting and office equipment in FY2024 (FY2023: approximately RM0.37 million) as the result of the disposal of the property in September 2022. Depreciation expenses for right-of-use assets increased from approximately RM0.27 million in FY2023 to approximately RM1.06 million in FY2024 mainly due to a complete full year depreciation of right-of-use asset relating to the sale and leaseback of property in FY2024 (FY2023: period of 3 months).

OTHER LOSSES

Other losses decreased by approximately RM0.22 million or approximately 6.6% from approximately RM3.32 million in FY2023 to approximately RM3.10 million in FY2024 mainly due to (i) the absence of plant and equipment written off in FY2024 (FY2023: approximately RM1.76 million); (ii) the absence of provision for litigation case in FY2024 (FY2023: approximately RM0.84 million); (iii) the absence of allowance for impairment on trade receivable in FY2024 (FY2023: approximately RM0.15 million); and (iv) lesser realised foreign exchange loss of approximately RM0.33 million in FY2024 (FY2023: approximately RM0.57 million), partially offset by the allowance for impairment for plant and equipment of RM3.07 million in FY2024 (FY2023: Nil).

FINANCE COSTS

Finance costs increased from approximately RM0.21 million for FY2023 to approximately RM0.33 million in FY2024 due to increase in interest of lease liability of approximately RM0.27 million (FY2023: approximately RM0.08 million), partially offset against decrease in interest of bankers' acceptance of approximately RM0.04 million in FY2024 (FY2023: approximately RM0.07 million) and the absence of term loan interest in FY2024 (FY2023: approximately RM0.04 million).

INCOME TAX EXPENSE

Income tax expense comprises current income tax expense, underprovision for taxation in prior years and deferred tax adjustments. No provision of current year taxation in FY2024 while RM0.05 million was provided for in FY2023. Underprovision for taxation in prior years in FY2024 was RM0.12 million while for FY2023 was RM0.01 million. Reversal of deferred tax of RM0.32 million was made in FY2024 while deferred tax adjustment of RM0.23 million was made in FY2023.

FINANCIAL RESULTS

As a results of the above, the Group reported a net loss after tax of approximately RM7.08 million in FY2024 as compared to a net profit after tax of approximately RM15.80 million in FY2023.

WORKING CAPITAL POSITION

The Group reported a positive working capital position of approximately RM17.64 million as at 29 February 2024, as compared to approximately RM21.87 million as at 28 February 2023.

LIQUIDITY

As at 29 February 2024, the Group recorded cash and cash equivalents of approximately RM12.94 million as compared to approximately RM24.42 million as at 1 March 2023.

Net cash from in operating activities for FY2024 amounted to approximately RM2.04 million. This was mainly due to (i) operating cash outflows before changes in working capital of approximately RM1.90 million; (ii) net working capital inflows of approximately RM4.03 million due mainly to the decrease in inventories of approximately RM3.10 million, decrease in trade and other receivables of approximately RM0.19 million and decrease in other non-financial assets of approximately RM1.03 million, partially offset against the decrease of trade and other payables of approximately RM0.29 million; and (iii) income taxes paid of approximately RM0.09 million.

CHAIRMAN'S STATEMENT

Net cash from investing activities for FY2024 amounted to approximately RM0.67 million. This was mainly due to proceeds from disposal of plant and equipment totalling approximately RM0.09 million and interest income received of approximately RM0.65 million, partially offset by the purchase of plant and equipment of approximately RM0.06 million.

Net cash used in financing activities for FY2024 amounted to approximately RM14.19 million. This was mainly due to (i) payment of interim dividend declared for the third quarter ended 30 November 2022 of approximately RM8.08 million; (ii) repayment of hire purchase, bankers' acceptance and lease liabilities of approximately a total of RM6.05 million; and (iii) interest paid of approximately RM0.06 million.

DIVIDEND STATEMENT

On the basis of the sustained earnings performance and after taking into consideration the challenging economic condition, the Board does not recommend any dividend for FY2024 (FY2023: an interim dividend of SGD0.018 per ordinary share) as the Group is in a loss-making position and to conserve cash for working capital requirements and future business opportunities of the Group.

FUTURE PROSPECTS

The global economy continues to face uncertainty and challenges from on-going geo-political tensions, high inflation rates as well as cost of living and volatility in foreign exchanges.

The Group will continue to remain resilient and vigilant in its decision making in addressing these challenges including emphasis on effective cost management and enhancing production efficiency.



SYSTEM SERIES
Sovica A
Cluster of 6 workstation

CHAIRMAN'S STATEMENT



ACOUSTIC
Telepod Lite
with High Chair



MEETING & CONFERENCE
Sovica A
Conference Table

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.

My appreciation goes to the former directors, namely Datuk Lim Tong Lee, Dato' Dr Lee Chung Wah, Mr Sho Kian Hin and Ms Arica Law, for their invaluable service in the past few years to the Group.

I am pleased to welcome Mr Xue Congyan and Ms Liu Xiaohua who were appointed as Independent Non-Executive Directors on 19 July 2023 and Mr Chong Kwang Shih who was appointed as Lead Independent Non-Executive Director on 19 October 2023, to the Board.

Finally, I would like to express our sincere gratitude to our valued shareholders for their continuous support and confidence in Versalink for all these years.

We look forward to greater achievements for the Group in year 2024 and beyond.

Mr Ge Shuming

Executive Director and Chairman

CORPORATE SOCIAL RESPONSIBILITY

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

Some of our initiatives include:

GIVING BACK TO THE COMMUNITY

At Versalink, we believe in making a positive impact in the local communities we serve. We are proud to announce our recent support for Rainbow Hope, a Drug Rehabilitation Center for Women located in Kuala Lumpur. This initiative is part of our ongoing commitment to support vital community services and promote well-being. Recognizing the crucial role of a supportive and organized environment in the recovery process, we donated essential furniture, focusing on storage solutions to aid the center's operations.

Our contributions included locker storages with individual compartments and key locksets, ensuring the women at Rainbow Hope have a secure place for their personal belongings during their recovery journey. Additionally, we provided tall cabinets to help organize larger items, maintaining a tidy and functional space. These donations are more than just practical assets; they symbolize our dedication to supporting these women as they work towards recovery and a renewed sense of purpose in life.

We understand that a well-organized and secure environment can significantly enhance the effectiveness of rehabilitation services. By providing these storage solutions, we aim to alleviate some of the logistical challenges faced by Rainbow Hope, enabling them to focus more on their critical mission of aiding women in recovery. Our commitment to corporate social responsibility goes beyond donations; we are dedicated to fostering environments that contribute to personal and community growth, ensuring that everyone has the support they need to thrive.

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. 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 29 February 2024, which will be published by the Company on the SGXNet and the Company's corporate website by 30 June 2024.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or “**Directors**”) and the management team (the “**Management**”) of Versalink Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) are committed to maintaining a high standard of corporate governance within the Group to promote greater transparency, to safeguard the interests of shareholders, employees and other stakeholders, and to promote investors’ confidence.

In accordance with Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual – Section B: Rules of the Catalist (the “**Catalist Rules**”), this corporate governance report (the “**Report**”) outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 29 February 2024 (“**FY2024**”), with specific references made to the principles of the Code of Corporate Governance 2018 (the “**Code**”) through effective self-regulatory corporate practices to protect and enhance the interests and value of its shareholders.

The Company confirms that it has substantially complied with the principles and provisions as set out in the Code for FY2024. Appropriate explanations have been provided in the relevant sections below where there are deviations from 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 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, set 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 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 standard, 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.

CORPORATE GOVERNANCE REPORT

The number of meetings held by the Board and Board Committees and the general meeting(s) held by the Company, and attendance thereof of the Directors during FY2024 are as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee		AGM	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Mr Ge Shuming ¹	3	2*	3	2 [^]	1	0*	1	0*	1	0*
Mr Law Kian Siong ² (*Mr Matthew Law*)	3	3	3	3 [^]	1	1 [^]	1	1 [^]	1	1
Mr Chong Kwang Shih ³	3	1*	3	1*	1	0*	1	0*	1	0*
Mr Xue Congyan ⁴	3	2*	3	2*	1	0*	1	0*	1	0*
Ms Liu Xiaohua ⁴	3	2*	3	2*	1	0*	1	0*	1	0*
Dato' Dr Lee Chung Wah ⁵	3	1*	3	1 [^]	1	1 [^]	1	1 [^]	1	1
Datuk Lim Tong Lee ⁶	3	1*	3	1*	1	1	1	1	1	1
Mr Sho Kian Hin ⁶	3	1*	3	1*	1	1	1	1	1	1
Ms Law Pei Ling ⁷ (*Ms Arica Law*)	3	1*	3	1*	1	1	1	1	1	1

¹ Appointed as Executive Director and Chairman of the Board with effect from 19 July 2023.

² Re-designated from Executive Director and Group Chief Executive Officer to Executive Director with effect from 19 July 2023.

³ Appointed as Lead Independent Non-Executive Director with effect from 19 October 2023.

⁴ Appointed as Independent Non-Executive Director with effect from 19 July 2023.

⁵ Cessation as Executive Director with effect from 19 July 2023.

⁶ Cessation as Independent Non-Executive Director with effect from 19 July 2023.

⁷ Cessation as Non-Independent and Non-Executive Director with effect from 19 July 2023.

[^] By invitation.

* Meeting(s) were not attended by the Director in view of their respective appointment or cessation dates.

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 the 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 arranges 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 familiarise 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.

CORPORATE GOVERNANCE REPORT

As regards to the training of newly appointed Directors, the Company notes the following:

- (a) Mr Xue Congyan has fulfilled the training requirements under Rule 406(3)(a) of the Catalist Rules.
- (b) Ms Liu Xiaohua has attended the Listed Entity Director Programme (Mandarin) Core (“LEDM”) courses held in September 2023, and will be attending the Listed Entity Director (“LED”) courses pertaining to the Board Risk, Audit, Nominating and Remuneration Committees in July 2024.
- (c) Mr Ge Shuming has attended the LEDM courses in September 2023, but was unable to attend the LEDM course on sustainability governance due to urgent matters that he had to attend to on the day of the said course. Mr Ge Shuming will be attending the LEDM course on sustainability governance in September 2024.
- (d) Mr Chong Kwang Shih will be attending the LED course pertaining to sustainability governance in July 2024.

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.

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 and three (3) Independent Non-Executive Directors, and their membership on the Board Committees are as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Mr Ge Shuming	Executive Director and Chairman	–	–	–
Mr Matthew Law	Executive Director	–	–	–
Mr Chong Kwang Shih	Lead Independent Non-Executive Director	Chairman	Member	Member
Mr Xue Congyan	Independent Non-Executive Director	Member	Chairman	Member
Ms Liu Xiaohua	Independent Non-Executive Director	Member	Member	Chairman

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 has no relationship with the Company, its related corporations, its substantial shareholders or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director’s independent business judgement 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 judgement. 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.

CORPORATE GOVERNANCE REPORT

For FY2024, the Independent Non-Executive Directors (namely, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua) 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 with a view to 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. Save for Ms Liu Xiaohua, who has a deemed interest in 6,000,000 of the Company's ordinary shares, amounting to 4.44% of the Company's total number of ordinary shares as of 20 May 2024, none of the other Independent Non-Executive Directors owns shares of the Company. The NC and the Board are of the view that the holding of shares by Independent Non-Executive Directors of less than 5% of the total issued shares in the Company encourages the alignment of their interests with the interests of Shareholders without compromising their independence. The Independent Non-Executive Directors have not been in any foreseeable situation that could compromise their independence of thought and decision. The NC has reviewed and identified each of the Independent Non-Executive Directors as being independent. The Board has taken into consideration the review conducted by the NC, and has also determined that each of the Independent Non-Executive Directors is independent.

The Board is made up of three (3) Independent Non-Executive Directors and two (2) Executive Directors, and the Chairman of the Board is not independent. As Independent Non-Executive Directors make up a majority of the Board, the Company is in compliance with Provisions 2.2 and 2.3 of the Code.

The current Board comprises Directors with an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as age and gender so as to avoid group think and to 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. The Company has appointed one (1) female Director, Ms Liu Xiaohua, to the Board with effect from 19 July 2023. 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 current Board has a diversity of skills, including accounting, 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. Key information regarding our Directors, such as academic and professional qualifications, is set out in the Annual Report under "Directors' Profile".

The Board noted that under Rule 406(3)(d)(iv) of the Catalist Rules, a Director will no longer be independent if he or she has been a Director for an aggregate period of more than (9) years (whether before or after listing). None of the Independent Non-Executive Directors has served on the Board beyond nine (9) years from the date of his or her first appointment.

The Board has three (3) Independent Non-Executive Directors who endeavour to constructively challenge and help develop proposals on strategy and to review the performance of Management in meeting goals and objectives. During FY2024, the Independent 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 Independent Non-Executive Directors to meet without the presence of the Management as and when it is required by the Independent Non-Executive Directors. The chairman of such meetings provides feedback to the Board and/or Chairman of the Board when appropriate.

CORPORATE GOVERNANCE REPORT

Chairman and 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.

Provision 3.1 of the Code states that the Chairman of the Board and the Chief Executive Officer (“CEO”) of the Company should be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

Mr Ge Shuming is currently the Executive Director and Chairman of the Board. He works hand-in-hand with the Lead Independent Non-Executive Director, Mr Chong Kwang Shih, in setting the tone for the conduct of the Board and ensure that the Group adheres to best corporate governance practices as prescribed by the Code. To ensure the Board’s effectiveness on all aspects of its role, Mr Ge Shuming and Mr Chong Kwang Shih ensure that the Board holds regular meetings and ensure the timeliness and quality of information flow between the Board and the Management. Both Directors also encourage constructive relations within the Board and between the Board and Management.

The Company does not currently have a CEO and these responsibilities are carried out by the two (2) Executive Directors who are responsible for the day-to-day management of the business of the Group. Taking into account the current corporate structure, size, nature and scope of the Group’s operations, the Board is of the opinion that it is not necessary for the Group to appoint a CEO at present, and the current arrangement is beneficial and would be in the interest of the Company’s shareholders and the Group as a whole.

Notwithstanding the Executive Directors having assumed the additional responsibilities of the CEO, there are sufficient safeguards to ensure that the decision-making process by the Board remains independent as major decisions are in consultation with the Board without any individual or group of individuals being able to exercise unfettered power or influence. Such safeguards include the Board Committees being chaired by Independent Non-Executive Directors. The Lead Independent Non-Executive Director, Mr Chong Kwang Shih, also provides leadership in situation where the Chairman is conflicted, and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. Based on the aforesaid, the Board is of the view that there remains an appropriate balance of power and accountability to ensure independent decision making at the Board level.

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. There were changes to the composition of the NC during FY2024. As at the end of FY2024 and as at the date of this Annual Report, the NC comprises the Company’s three (3) Independent Non-Executive Directors namely, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua. The Chairman of the NC is Mr Xue Congyan, 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, assessing nominees or candidates for appointment or election to the Board, and 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 and CEO;
- (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;

CORPORATE GOVERNANCE REPORT

- (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 annual general meeting of the Company ("**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. Based on the Directors' contributions at meetings of the Board and the Board Committees, as well as their time commitment to the affairs of the Company, the NC and the Board believes that at present, it would not be meaningful to define the maximum limit on the number of listed company board representations and other principal commitments which any Director may hold, and the Board has instead tasked the NC to review if a Director with multiple board representations is devoting sufficient time and attention to the affairs of the Company. In this regard, the NC is satisfied that the 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 the Directors to the affairs of the Company.

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, Mr Law Kian Siong will be retiring from office by rotation pursuant to Article 114 of the Company's Constitution, whereas Mr Ge Shuming, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua will be retiring from office pursuant to Article 118 of the Company's Constitution. Mr Law Kian Siong, Mr Ge Shuming, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua, being eligible for re-election, have offered themselves for re-election. The NC has recommended and the Board has agreed for Mr Law Kian Siong, Mr Ge Shuming, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua 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 being re-elected as a Director of the Company at the forthcoming AGM:

- (a) Mr Law Kian Siong shall remain as an Executive Director of the Company.
- (b) Mr Ge Shuming shall remain as an Executive Director of the Company and the Chairman of the Board.
- (c) Mr Chong Kwang Shih shall remain as the Lead Independent Non-Executive Director of the Company, the Chairman of the AC, as well as a member of the NC and the RC.
- (d) Mr Xue Congyan shall remain as an Independent Non-Executive Director of the Company, the Chairman of the NC, as well as a member of the AC and the RC.
- (e) Ms Liu Xiaohua shall remain as an Independent Non-Executive Director of the Company, the Chairman of the RC, as well as a member of the NC and the AC.

The Board has, with the recommendation of the NC, assessed that Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua are independent for the purposes of Rule 704(7) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

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, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua) 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 and 7 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 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 FY2024, the Chairman 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 and each individual Director to the effectiveness of the Board have been satisfactory.

CORPORATE GOVERNANCE REPORT

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.

There were changes to the composition of the RC during FY2024. As at the end of FY2024 and as at the date of this Annual Report, the RC comprises the Company's three (3) Independent Non-Executive Directors namely, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua. The Chairman of the RC is Ms Liu Xiaohua, 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 FY2024. 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 considers whether the remuneration packages are aligned with the interests of shareholders. The RC also assesses whether the remuneration packages can facilitate retention of key capabilities that support the Group's business, and ensure affordable and sustainable value creation.

The Executive Directors have entered into separate service agreements (including renewals) with the Company. Mr Ge Shuming has entered into a service agreement for three (3) years with effect from the date of his appointment as an Executive Director of the Company (i.e. 19 July 2023) while the service agreement for Mr Matthew Law was last renewed on 22 August 2022 for a further period of two (2) years. The service agreements of the Executive Directors can be terminated if they, *inter alia*, are 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.

CORPORATE GOVERNANCE REPORT

Mr Ge Shuming is entitled to a fixed monthly salary and an annual incentive bonus based on both his and the Company's performance under his service agreement. As for Mr Matthew Law, he is entitled to a fixed monthly salary and an annual wage supplement of two (2) month's basic salary, to be pro-rated accordingly if the period of employment of the Executive Director for the relevant financial year is shorter than six (6) calendar months.

In addition, 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 FY2024 under the Scheme and the Plan respectively.

The Independent 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 Independent Non-Executive Directors and the need to pay competitive fees to attract, retain and motivate the Independent 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 CEO) of the Group for FY2024 in percentage are disclosed below. The remuneration received by Directors and key Management personnel for FY2024 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.

CORPORATE GOVERNANCE REPORT

Disclosure of remuneration in bands for services rendered during FY2024 are as follows:

Name of Director	Salary	Bonus	Directors' Fees	Allowances & Other Benefits ¹	Total Remuneration
	%	%	%	%	%
Up to S\$250,000					
Mr Ge Shuming ²	100	–	–	–	100
Mr Matthew Law ³	89	–	–	11	100
Mr Xue Congyan ⁴	–	–	100	–	100
Ms Liu Xiaohua ⁴	–	–	100	–	100
Dato' Dr Lee Chung Wah ⁵	90	–	–	10	100
Mr Chong Kwang Shih ⁶	–	–	100	–	100
Datuk Lim Tong Lee ⁷	–	–	100	–	100
Mr Sho Kian Hin ⁷	–	–	100	–	100
Ms Arica Law ⁷	–	–	100	–	100

Name of Key Management Personnel ⁸	Salary	Bonus	Fees	Allowances & Other Benefits ¹	Total Remuneration
	%	%	%	%	%
Up to S\$250,000					
Dato' Dr Lee Chung Wah ⁹	88	–	–	12	100
Mr Adam Law	89	–	–	11	100
Mr Kong Seong Hee	81	7	–	12	100
Mr Len Kwai Keong	81	7	–	12	100

Notes:

¹ The Allowance and Other Benefits mainly relates to mobile allowance and statutory contribution in relation to the salary.

² Appointed as Executive Director and Chairman with effect from 19 July 2023.

³ Re-designated from Executive Director and Group CEO to Executive Director with effect from 19 July 2023.

⁴ Appointed as Independent Non-Executive Director with effect from 19 July 2023.

⁵ Cessation as Executive Director with effect from 19 July 2023 and remains with the Group as an Executive Advisor.

⁶ Appointed as Lead Independent Non-Executive Director with effect from 19 October 2023.

⁷ Cessation as Director of the Company with effect from 19 July 2023.

⁸ There are only four (4) employees identified as key Management personnel (who are not Directors or the CEO) of the Group in FY2024.

⁹ This remuneration disclosure relates to Dato' Dr Lee Chung Wah's remuneration as Executive Advisor of Jemaramas Jaya Sdn. Bhd. with effect from 19 July 2023.

There were no termination, retirement and post-employment benefits paid to any Directors and the key Management personnel (who are not Directors or the CEO) in FY2024.

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 and Mr Adam Law who are related to each other and whose remuneration is set out in the table above, 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 CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2024.

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.

CORPORATE GOVERNANCE REPORT

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 safeguarded 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 provides absolute assurance against the occurrence of material financial misstatement or losses, poor judgment in decision-making, human errors, fraud or other irregularities.

For FY2024, the Board and the AC have obtained the following assurance from:

- (i) the Executive Directors and the 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 Executive Directors 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 Executive Directors and the 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 29 February 2024.

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.

There were changes to the composition of the AC during FY2024. As at the end of FY2024 and as at the date of this Annual Report, the AC comprises the Company's three (3) Independent Non-Executive Directors namely, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua. The Chairman of the AC is Mr Chong Kwang Shih, 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.

CORPORATE GOVERNANCE REPORT

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;

CORPORATE GOVERNANCE REPORT

- (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 FY2024, the AC has met with the external auditors and internal auditors without the presence of the Company's 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 SG Assurance LLP (previously known as RSM Chio Lim LLP) ("**RSM**"), 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.

For FY2024, 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 FY2024 are disclosed in Note 6 set out on page 76 of this Annual Report.

RSM has notified the Company that they will not be seeking re-appointment at the forthcoming AGM. Accordingly, RSM will retire as the external auditor of the Company following the conclusion of the forthcoming AGM. The Board is not aware of any circumstances, professional or specific reasons connected with the pending retirement of RSM that should be brought to the attention of the shareholders of the Company. RSM has also confirmed that their retirement as external auditor of the Company did not arise from circumstances that should be brought to the attention of the shareholders of the Company. The Company is in the midst of identifying a suitable audit firm and will make further announcement(s) when the new external auditor has been identified, and in relation to the convening of the extraordinary general meeting to obtain shareholders' approval for the appointment of the new external auditor in due course.

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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 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, termination and remuneration of internal auditors.

During FY2024, 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 FY2024.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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 of the Company. The independent auditors are present 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 who were appointed prior to the 2023 AGM (as defined below) were present at the 2023 AGM held on 27 June 2023. Save for the 2023 AGM held on 27 June 2023, there were no other general meetings of the Company held during FY2024.

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 previous AGM held on 27 June 2023 ("**2023 AGM**") was held by way of electronic means. The notice of AGM was disseminated to shareholders through publication on the SGX-ST's website 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 2023 AGM, which allowed shareholders to participate fully at the 2023 AGM by (i) real-time electronic voting; and (ii) real-time electronic communication, at the 2023 AGM. Minutes of the 2023 AGM had also been published by the Company on its corporate website and on the SGX-ST's website within one (1) month from the date of the 2023 AGM.

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The upcoming AGM will be held, in a wholly physical format, at Raffles Marina, Theatrette, 10 Tuas West Drive, Singapore 638404. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in the notice of the FY2024 AGM.

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.

Having considered the current challenging business environment which the Group operates, the Board has decided that it is prudent not to declare or recommend any dividends for FY2024, as the Group is in a loss-making position for FY2024 and deems it appropriate to retain cash for its operations (FY2023: an interim dividend of SGD0.018 per ordinary share).

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.

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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 FY2024 ("**SR2024**"), which will be published by the Company on SGXNet by 30 June 2024, to keep stakeholders informed on the Group's business and operations. The SR2024, 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 SR2024 also describes the Group's sustainability practices with reference to the primary components and climate-related disclosure 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.

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During FY2024, the Company's dormant and wholly-owned subsidiary, Versalink Technology Sdn Bhd, had been disposed to Mr Matthew Law, a Director of the Company on 13 June 2023 at the disposal price of RM1,001 with a loss on the disposal of RM275,999 to the Company, which the transaction value is less than S\$100,000 and the transaction constitutes as a "non-disclosable transaction" under Chapter 10 of the Catalist Rules.

There were no interested person transactions exceeding S\$100,000 entered into by the Group during FY2024.

MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, save for the service agreements entered into between the Company and each of the Executive Directors, and the disposal of Versalink Technology Sdn Bhd as disclosed above, there are no other material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of any Director, the CEO or controlling shareholder of the Company, either still subsisting as at the end of FY2024 or if not then subsisting, entered into since the end of FY2023.

NON-SPONSOR FEES

Pursuant to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees payable or paid to ZICO Capital Pte. Ltd. in FY2024.

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

The following additional information on Mr Law Kian Siong, Mr Ge Shuming, Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua, all of whom are seeking 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	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
Date of appointment	11 July 2014	19 July 2023	19 October 2023	19 July 2023	19 July 2023
Date of last re-appointment (if applicable)	29 June 2022	Not applicable	Not applicable	Not applicable	Not applicable
Age	49	31	58	49	41
Country of principal residence	Malaysia	China	Singapore	China	China
The Board's comments on this re-election (including rationale, selection criteria, board diversity consideration and the search and nomination process)	The Nominating Committee of the Company ("NC") has recommended and the Board has concurred with the NC for Mr Law Kian Siong to retire and seek re-election at the forthcoming AGM following an assessment of his contributions, qualifications, experience and the diversity of the Board with regards to the objective of the Board Diversity Policy of the Company.	The NC has recommended and the Board has concurred with the NC for Mr Ge Shuming to retire and seek re-election at the forthcoming AGM following an assessment of his contributions, qualifications, experience and the diversity of the Board with regards to the objective of the Board Diversity Policy of the Company.	The NC has recommended and the Board has concurred with the NC for Mr Chong Kwang Shih to retire and seek re-election at the forthcoming AGM following an assessment of his contributions, qualifications, experience and the diversity of the Board with regards to the objective of the Board Diversity Policy of the Company.	The NC has recommended and the Board has concurred with the NC for Mr Xue Congyan to retire and seek re-election at the forthcoming AGM following an assessment of his contributions, qualifications, experience and the diversity of the Board with regards to the objective of the Board Diversity Policy of the Company.	The NC has recommended and the Board has concurred with the NC for Ms Liu Xiaohua to retire and seek re-election at the forthcoming AGM following an assessment of her contributions, qualifications, experience and the diversity of the Board with regards to the objective of the Board Diversity Policy of the Company.

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
The Board's comments on this re-election (including rationale, selection criteria, board diversity consideration and the search and nomination process) (con't)			Mr Chong Kwang Shih is considered independent for the purposes of Rule 704(7) of the Catalyst Rules.	Mr Xue Congyan is considered independent for the purposes of Rule 704(7) of the Catalyst Rules.	Ms Liu Xiaohua is considered independent for the purposes of Rule 704(7) of the Catalyst 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.	Executive Please refer to the section headed "Directors' Profile" in this Annual Report for information on the area of responsibility.	Lead Independent Non-Executive	Independent Non-Executive	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director Chairman of the Board	Lead Independent Non-Executive Director AC Chairman RC Member NC Member	Independent Non-Executive Director NC Chairman AC Member RC Member	Independent Non-Executive Director RC Chairman AC Member NC Member
Professional Qualifications	Bachelor's Degree in Business Administration from Camden University of the United States of America	Bachelor of Pharmaceutical Engineering from the Minzu University of China Master of Business Management from the Hong Kong Polytechnic University	Bachelor of Commerce and Administration (Major: Accountancy) from the Victoria University of Wellington of New Zealand	Bachelor of Science in Computer Science from Angeles University of the Republic of Philippines Master of Science in International Finance (with Merit) from the University of Leeds of the United Kingdom Master of Science in Global Finance from the HKUST & NYU Stern School of Business	Bachelor of Law from the Tianjin University of Commerce Master of Law from the China University of Geoscience in Beijing Legal Professional Certificate (China) Fund Practising Qualification Certificate (China)

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
Working experience and occupation(s) during the past 10 years	2014 to present: Executive Director of Versalink Holdings Limited	July 2023 to present: Executive Director and Chairman of Versalink Holdings Limited	October 2023 to present: Lead Independent Non-Executive Director of Versalink Holdings Limited	July 2023 to present: Independent Non-Executive Director of Versalink Holdings Limited	July 2023 to present: Independent Non-Executive Director of Versalink Holdings Limited
	2014 to July 2023: Group Chief Executive Officer of Versalink Holdings Limited	September 2021 to present: Group Executive Vice President in Shandong Kaiyuan Industrial Co., Ltd.	November 2022 to present: Chief Financial Officer of CYS Global Remit Pte Ltd	June 2023 to present: Non-Executive and Independent Director of Camsing Healthcare Limited	June 2023 to present: Non-Executive and Independent Director of Camsing Healthcare Limited
		June 2018 to September 2020: Assistant to Chairman in Shandong Kaiyuan Industrial Co., Ltd.	September 2019 to January 2020: Group Chief Financial Officer of DLF Holdings Limited	August 2019 to present: Non-Executive and Independent Director of Zixin Group Holdings Limited	June 2023 to present: Independent Director of First Capital Securities Co., Ltd.
		September 2016 to May 2018: Executive General Manager in Shandong Kaiyuan Animal Husbandry Co., Ltd.	February 2017 to October 2022*: Executive Director of Dew Corporate Advisory Pte Ltd	September 2016 to present: Founder of Mundial Financial Group, LLC	June 2022 to present: Independent Director of Zhixueyun (Beijing) Technology Co., Ltd.
		July 2015 to August 2016: Vice President of Central China in Henan Tailong Pharmaceutical Co., Ltd.	July 2015 to January 2017: Chief Financial Officer of OEL (Holdings) Limited	May 2013 to present: Founder of Beijing Gloryhope Capital (Limited Partnership)	November 2022 to March 2024: Independent Director of Nanjing Tracy Energy Technology Co., Ltd.
		March 2014 to July 2015: Finance and Admin Director of Trinity Offshore Pte Ltd	April 2012 to present: Co-founder and Managing Director of Go & Company (HK) Limited	August 2022 to present: Partner of Jiaxing Honghao Zhongying Equity Investment Partnership (Limited Partnership)	

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
Working experience and occupation(s) during the past 10 years (con't)			April 2012 to February 2014: Chief Financial Officer of Fast Offshore Supply Pte Ltd *Save for the period from September 2019 to January 2020	April 2007 to April 2015: Managing Director of Chardan Capital Markets LLC	<p>August 2022 to present: Partner of Hainan Bohao Hongyun Venture Capital Partnership (Limited Partnership)</p> <p>August 2022 to present: Partner of Hainan Honghao Zhongying Venture Capital Partnership (Limited Partnership)</p> <p>March 2022 to present: Executive Partner and Legal Representative of Hainan Bohao Guanghui Private Fund Management Partnership (Limited Partnership)</p> <p>January 2022 to present: Supervisor of Beijing Fanghao Management Consulting Co., Ltd.</p> <p>September 2021 to present: Executive partner and legal representative of Zhuhai Yunhao Investment Center (Limited Partnership)</p> <p>May 2019 to October 2019: Independent Director of Northern Minerals Limited</p>

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
Working experience and occupation(s) during the past 10 years (con't)					<p>January 2019 to February 2022: Vice President of Beijing Zhongjinggelong Investment Consultation Co., Ltd.</p> <p>April 2017 to December 2018: Executive Director and Manager of Department V in Guotai Junan Innovation Investment Co., Ltd.</p> <p>November 2013 to March 2017: Manager of Beijing Department III of Southwest Securities Company Limited</p> <p>February 2012 to October 2013: Project Manager of Essence Securities Co., Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	No	Deemed interest in 39,208,500 ordinary shares of the Company	No	No	Deemed interest in 6,000,000 ordinary shares of the Company
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	<p>Sibling of the director of the Group's subsidiaries, Mr Law Kian Guan</p> <p>Director of the Group's principal subsidiaries, details as set out below</p>	A shareholder of the Company, details as set out above	No	No	A shareholder of the Company, details as set out above
Conflict of interest (including any competing business)	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments including Directorships					
• Past (for the last 5 years)	<p>Directorships</p> <p>Steeltema (M) Sdn. Bhd. Aldo Furniture (PJ) Sdn. Bhd. Alca VStyle Sdn. Bhd. BSL Venture Sdn. Bhd. Malaysian Furniture & Furnishings Fair Sdn. Bhd. SIFC Management Sdn. Bhd.</p> <p>Other Principal Commitment</p> <p>KL and Selangor Furniture Association (President)</p> <p>Directorships</p> <p>Versalink System Furniture (S) Pte. Ltd. Jemaramas Jaya Sdn. Bhd. Malaysian Timber Council Versalink Marketing Sdn. Bhd. Versalink Technology Sdn. Bhd.</p> <p>Other Principal Commitments</p> <p>Malaysian Furniture Council (Deputy President) KL and Selangor Furniture Association (Executive Advisor)</p>	<p>Directorship</p> <p>Nil</p> <p>Other Principal Commitment</p> <p>Nil</p> <p>Directorship</p> <p>Nil</p> <p>Other Principal Commitment</p> <p>Nil</p>	<p>Directorships</p> <p>AGV Group Limited (In Compulsory Liquidation) AGV Galvanizing (Singapore) Pte. Ltd.</p> <p>Other Principal Commitment</p> <p>Nil</p> <p>Directorship</p> <p>Dew Corporate Advisory Pte Ltd</p> <p>Other Principal Commitment</p> <p>Nil</p>	<p>Directorship</p> <p>Northern Minerals Limited</p> <p>Other Principal Commitment</p> <p>Nil</p> <p>Directorships</p> <p>Camsing Healthcare Limited Zixin Group Holdings Limited Mundial Financial Group, LLC Beijing Gloryhope Capital (Limited Partnership) Go & Company (HK) Limited Shanxi Huanghe Zhongwang Animation Technology Co., Ltd. Kunming Kaishi Advertising Limited Liability Company Beijing Anjien Entertainment Technology Co., Ltd.</p> <p>Other Principal Commitment</p> <p>Nil</p>	<p>Directorships</p> <p>Northern Minerals Limited Nanjing Tracy Energy Technology Co., Ltd.</p> <p>Other Principal Commitment</p> <p>Nil</p> <p>Directorships</p> <p>Camsing Healthcare Limited First Capital Securities Co., Ltd. Beijing Zhongjinggelong Investment Consultation Co., Ltd. Zhixueyun (Beijing) Technology Co., Ltd.</p> <p>Other Principal Commitments</p> <p>Zhuhai Yunhao Investment Center Hainan Bohao Guanghui Private Fund Management Partnership Beijing Fanghao Management Consulting Co., Ltd.</p>
• Present					

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
Other Principal Commitments including Directorships (con't) • Present					Jiaxing Honghao Zhongying Equity Investment Partnership (Limited Partnership) Hainan Bohao Hongyun Venture Capital Partnership (Limited Partnership) Hainan Honghao Zhongying Venture Capital Partnership (Limited Partnership)
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	No	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	Yes Mr Chong served as an independent director of AGV Group Limited ("AGV") from June 2018 to January 2022, and was the lead independent director of AGV from November 2019 to January 2022 with positions held in AGV's various board committees. AGV provided hot-dip galvanizing services in Singapore and Malaysia, with a hot-dip galvanizing plant located in each jurisdiction. On 24 January 2022, AGV was placed under interim judicial management, with Mr Leow Quek Shiong and Mr Gary Loh Weng Fatt, care of BDO Advisory Pte. Ltd.	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
b) (cont)			<p>(collectively, "BDO") being appointed as the joint and several interim judicial managers. Subsequently, AGV was placed under judicial management on 4 May 2022 with BDO being appointed as the joint and several judicial managers. AGV was thereafter ordered to be wound up by the General Division of the High Court of Singapore on 25 November 2022, with BDO being appointed as the joint and several liquidators. AGV is currently in the process of being liquidated.</p> <p>Further details pertaining to AGV's judicial management and liquidation can be found in AGV's SGXNet announcements from 20 January 2022 up till the present date.</p>		
c) Whether there is any unsatisfied judgement against him?	No	No	No	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	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong <i>(Mr Matthew Law)</i>	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
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	No	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	No	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	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
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	No	No	No
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	No	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	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Law Kian Siong (Mr Matthew Law)	Mr Ge Shuming	Mr Chong Kwang Shih	Mr Xue Congyan	Ms Liu Xiaohua
<p>j) (con't)</p> <p>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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>					
<p>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?</p>	No	No	No	No	No
<p>Any prior experience as a director of a listed Company?</p> <p><i>If yes, please provide details of prior experience.</i></p> <p><i>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</i></p>	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.	Not applicable as this is a re-election of a Director of the Company.

STATEMENT BY DIRECTORS AND FINANCIAL STATEMENTS

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STATEMENT BY DIRECTORS

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 29 February 2024.

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:

Law Kian Siong	
Ge Shuming	(Appointed on 19 July 2023)
Xue Congyan	(Appointed on 19 July 2023)
Liu Xiaohua	(Appointed on 19 July 2023)
Chong Kwang Shih	(Appointed on 19 October 2023)

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:

Name of directors and company in which interests are held	Number of shares of no par value	
	At beginning of the reporting year or date of appointment if later	At end of the reporting year
	<u>Direct Interest</u>	
<u>The company – Versalink Holdings Limited</u>		
Law Kian Siong	15,464,000	–
Ge Shuming	39,208,500	–
Liu Xiaohua	6,000,000	–
	<u>Deemed Interest</u>	
<u>The company – Versalink Holdings Limited</u>		
Ge Shuming	–	39,208,500
Liu Xiaohua	–	6,000,000

The directors' interests as at 21 March 2024 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:

Liu Xiaohua – Chairlady of Remuneration Committee (Independent Non-Executive Director)
 Xue Congyan – Member (Independent Non-Executive Director)
 Chong Kwang Shih – Member (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 Catalyst. 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 Catalyst 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.

STATEMENT BY DIRECTORS

5. Employee share option scheme and performance share plan (con't)

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

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. Report of audit committee

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

Chong Kwang Shih – Chairman of Audit Committee (Independent Non-Executive Director)
 Xue Congyan – Member (Independent Non-Executive Director)
 Liu Xiaohua – Member (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 Catalyst).

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.

STATEMENT BY DIRECTORS

7. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the 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 29 February 2024 to address the risks that the company considers relevant and material to its operations.

8. 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 2024, which would materially affect the group's and the company's operating and financial performance as of the date of this report except for the group's allowance for impairment for property, plant and equipment and company's allowance for impairment for cost of investment in subsidiaries as disclosed in Note 12 and 15 of the financial statements respectively.

Shareholders are to note the announcement released by the company on 12 June 2024 in relation to material variances between the unaudited financial statements and the audited financial statements for 2024.

On behalf of the board of directors

.....
Ge Shuming
Director

12 June 2024

.....
Law Kian Siong
Director

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Versalink Holdings Limited (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 29 February 2024, 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 material accounting policy information.

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 29 February 2024 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 property, plant and equipment and right-of-use assets

Please refer to Note 2 on the relevant accounting policies and Notes 12 and 13 for property, plant and equipment and right-of-use assets of the group respectively.

The group is in a loss-making position for the reporting year ended 29 February 2024. The carrying amount of property, plant and equipment and right-of-use assets (collectively the “non-current assets”) held by the group amounted to RM3,436,000 and RM1,857,000 respectively.

Management performed an impairment test on the non-current assets due to the existence of impairment indicators as at 29 February 2024. The impairment test was conducted by comparing the carrying amount of the non-current assets to the recoverable amounts which is the higher of fair value less costs of disposal (“FVLCD”) and value in use.

Management estimated the recoverable amounts of the non-current assets based on FVLCD. Management engaged external independent valuer (“Valuer”) to perform valuations of the non-current assets and considered the reasonableness of the valuation taking into consideration the current environment. The impairment assessment resulted in an allowance of impairment of RM3,065,000 on the group’s property, plant and equipment for the current reporting year.

INDEPENDENT AUDITOR'S REPORT

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

Key audit matters (cont'd)

(1) Impairment of property, plant and equipment and right-of-use assets (cont'd)

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 key assumptions and inputs used, inter alia the replacement costs of similar non-current assets currently owned by the group adjusted for age, condition and technological obsolescence of the non-current assets, and considered the industry situation in which the group operates in. We have also assessed the adequacy of the disclosures made in the financial statements.

(2) 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 RM5,525,000 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.

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) 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 27D for the receivables and credit risk of the group respectively.

Trade receivables totalled RM3,301,000 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.

INDEPENDENT AUDITOR'S REPORT

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

Key audit matters (cont'd)

(3) Impairment of trade receivables (cont'd)

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.

(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 RM24,522,000 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 weaker performance, current economic environment and geopolitical uncertainties.

Management has assessed JJ and VM collectively as the smallest identifiable group of assets (the "Office Furniture Business") that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset. Management performed an impairment test by comparing the carrying amount of the company's investment in Office Furniture Business to the recoverable amount which is the higher of fair value less costs of disposal ("FVLCD") and value in use. Management estimated the recoverable amount of the Office Furniture Business based on FVLCD.

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 RM1,826,000 in the current reporting year.

In estimating the FVLCD, management engaged external independent valuer ("Valuer") to perform the valuations of the company and considered the reasonableness of the valuation taking into consideration the current environment. The valuation methodologies require the use of various estimates and assumptions developed by management and valuer.

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 key assumptions and inputs used. We have also assessed the adequacy of the disclosures made in the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

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

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is See Ling Ling, Helen.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 29 FEBRUARY 2024

	Notes	2024 RM'000	2023 RM'000
Revenue	4	37,724	44,837
Cost of sales		(32,415)	(33,321)
Gross profit		5,309	11,516
Interest income		648	264
Other income and gains	5	1,790	20,065
Marketing and distribution expenses	6	(3,767)	(3,711)
Administrative expenses	6	(7,828)	(8,515)
Other losses	5	(3,098)	(3,322)
Finance costs	7	(326)	(214)
(Loss) Profit before income tax		(7,272)	16,083
Income tax income (expense)	9	196	(286)
(Loss) Profit, net of income tax and total comprehensive (loss) income for the year		(7,076)	15,797
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(37)	-
Other comprehensive loss for the year, net of tax		(37)	-
Total comprehensive (loss) income		(7,113)	15,797
<hr/>			
(Loss) Profit, net of tax attributable to owners of the company		(7,076)	15,797
(Loss) Profit, net of tax		(7,076)	15,797
<hr/>			
Total comprehensive (loss) income for the year attributable to owners of the company		(7,113)	15,797
Total comprehensive (loss) income for the year		(7,113)	15,797
<hr/>			
(Loss) Earnings per share (Sen Ringgit Malaysian)			
Basic and diluted	10	(5.24)	11.70

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

STATEMENTS OF FINANCIAL POSITION

YEAR ENDED 29 FEBRUARY 2024

	Notes	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	3,436	8,101	-	-
Right-of-use assets	13	1,857	2,919	-	-
Intangible asset	14	-	-	-	-
Investment in subsidiaries	15	-	-	24,522	26,625
Investment in associate	16	-	-	-	-
Total non-current assets		5,293	11,020	24,522	26,625
Current assets					
Inventories	17	5,525	8,622	-	-
Trade and other receivables	18	4,301	4,529	10,777	15,737
Other non-financial assets	19	1,968	3,002	37	31
Cash and cash equivalents	20	16,880	25,415	439	3,765
Total current assets		28,674	41,568	11,253	19,533
Total assets		33,967	52,588	35,775	46,158
EQUITY AND LIABILITIES					
Equity					
Share capital	21	36,435	36,435	36,435	36,435
(Accumulated losses) Retained earnings		(15,577)	(8,501)	(1,491)	1,245
Foreign currency translation reserves		(29)	8	-	-
Total equity		20,829	27,942	34,944	37,680
Non-current liabilities					
Deferred tax liabilities	9	82	400	-	-
Lease liabilities	22	2,024	4,551	-	-
Total non-current liabilities		2,106	4,951	-	-
Current liabilities					
Income tax payable		40	10	-	1
Trade and other payables	23	6,292	14,673	831	8,477
Other financial liabilities	24	492	924	-	-
Lease liabilities	22	2,528	2,408	-	-
Provisions	25	1,680	1,680	-	-
Total current liabilities		11,032	19,695	831	8,478
Total liabilities		13,138	24,646	831	8,478
Total equity and liabilities		33,967	52,588	35,775	46,158

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 29 FEBRUARY 2024

<u>Group</u>	<u>Total Equity</u> RM'000	<u>Share Capital</u> RM'000	<u>Foreign Currency Translation Reserves</u> RM'000	<u>Accumulated Losses</u> RM'000
Current year:				
Opening balance at 1 March 2023	27,942	36,435	8	(8,501)
Changes in equity:				
Total comprehensive loss for the year	(7,113)	–	(37)	(7,076)
Closing balance at 29 February 2024	20,829	36,435	(29)	(15,577)
Previous year:				
Opening balance at 1 March 2022	46,306	62,513	8	(16,215)
Changes in equity:				
Capital reduction via cash distribution (Note 21)	(26,078)	(26,078)	–	–
Total comprehensive income for the year	15,797	–	–	15,797
Dividend payable (Note 11)	(8,083)	–	–	(8,083)
Closing balance at 28 February 2023	27,942	36,435	8	(8,501)
Company				
	<u>Total Equity</u> RM'000	<u>Share Capital</u> RM'000	<u>Retained Earnings</u> RM'000	
Current year:				
Opening balance at 1 March 2023	37,680	36,435	1,245	
Changes in equity:				
Total comprehensive loss for the year	(2,736)	–	(2,736)	
Closing balance at 29 February 2024	34,944	36,435	(1,491)	
Previous year:				
Opening balance at 1 March 2022	63,650	62,513	1,137	
Changes in equity:				
Capital reduction via cash distribution (Note 21)	(26,078)	(26,078)	–	
Total comprehensive income for the year	8,191	–	8,191	
Dividend payable (Note 11)	(8,083)	–	(8,083)	
Closing balance at 28 February 2023	37,680	36,435	1,245	

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 29 FEBRUARY 2024

	Group	
	2024 RM'000	2023 RM'000
Cash flows from operating activities		
(Loss) Profit before tax	(7,272)	16,083
Adjustments for:		
Allowance for impairment on other receivables due from an associate – reversal	–	(585)
Allowance for impairment on plant and equipment	3,065	–
Depreciation of property, plant and equipment	1,607	1,977
Depreciation of right-of-use assets	1,062	265
Gain on disposal of plant and equipment	(36)	(59)
Gain on disposal of subsidiaries	(6)	–
Gain arising from sale and leaseback transaction	–	(19,154)
Interest income	(648)	(264)
Interest expense	326	214
Plant and equipment written off	–	1,758
Operating cash flows before changes in working capital	(1,902)	235
Inventories	3,097	4,497
Trade and other receivables	190	670
Other non-financial assets	1,034	(1,726)
Trade and other payables	(288)	(267)
Provisions	–	840
Net cash flows from operations	2,131	4,249
Income taxes (paid) refunded	(92)	217
Net cash flows from operating activities	2,039	4,466
Cash flows from investing activities		
Purchase of plant and equipment	(61)	(468)
Proceeds from disposals of plant and equipment	90	40,060
Disposal of subsidiaries, net of cash disposed (Note 15A)	(3)	–
Repayment from associate	–	1,561
Interest received	648	211
Net cash flows from investing activities	674	41,364
Cash flows used in financing activities		
Increase in cash restricted in use	(2,945)	(18)
Decrease in other financial liabilities	(432)	(2,583)
Dividend paid	(8,083)	–
Lease liabilities	(2,674)	(675)
Capital reduction	–	(26,078)
Interest paid	(59)	(129)
Net cash flows used in financing activities	(14,193)	(29,483)
Net (decrease) increase in cash and cash equivalents	(11,480)	16,347
Cash and cash equivalents, statement of cash flows, beginning balance	24,421	8,074
Cash and cash equivalents, statement of cash flows, ending balance (Note 20A)	12,941	24,421

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

1. General information

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 16 Raffles Quay, #17-03 Hong Leong Building, Singapore 048581. 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.

Macroeconomic conditions related disclosures

The reporting entity continues to face challenges from the uncertain and challenging macroeconomic and geopolitical environment that have caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services for customers and suppliers. There is material uncertainty over the possible effects on the financial and liquidity positions. Details on the areas that involve critical judgement and material estimation uncertainties and disclosures on assumptions and sensitivity disclosures are made in the relevant notes to the financial statements. However, the impact assessment is a continuing process and management will continue to monitor any material changes to future economic conditions. Management continues to focus on cash flow management, including adopting a cautious approach to cost-cutting measures, and actively seeking to enhance the financing facilities. These are expected to provide sufficient cash flows and financial resources to meet its obligations as and when they fall due.

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 Committee under ACRA ("ASC"). 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").

Basis of preparation of the financial statements

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

1. General information (cont'd)

Basis of presentation and principles of consolidation

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 de-consolidated 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. Disclosures of material accounting policy and other explanatory information

Disclosures are made on the accounting policy and other explanatory information relating to material transactions, other events or conditions if that information is material to the financial statements or is required by a financial reporting standard.

2A. Material accounting policy information

Revenue and income recognition

General – 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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy information (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.

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.

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Income tax

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 income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less 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 certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

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%
Work-in-progress	-	Not depreciated

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

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. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Associate (cont'd)

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.

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.

Carrying amounts of non-financial assets

The carrying amount of 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 expensed. 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.

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

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.

Categories of financial assets and financial liabilities:

The financial reporting standard on financial instruments four categories of financial assets and two categories for liabilities. At the end of the reporting year, the reporting entity had the following categories financial assets and financial liabilities:

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 fair value through profit or loss ("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 liabilities are categorised 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. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

2. Disclosures of material accounting policy and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial 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.

Assessing the carrying amounts of property, plant and equipment and right-of-use assets:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amount of the asset is measured based on the higher of fair value less costs of disposal and value in use calculations which incorporate a number of key estimates and assumptions. 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 RM5,293,000 (2023: RM11,020,000).

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 18 on trade and other receivables.

Assessing loss allowance on inventories:

The assessment of the allowance for impairment loss on inventories 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 amounts of inventories at the end of the reporting year is disclosed in the Note 17 on inventories.

Assessing the impairment loss on subsidiary 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 investee affected. The carrying amount of the specific investee or class of investees at the end of the reporting year affected by the assumption is RM24,522,000 (2023: RM26,625,000).

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

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 and balances

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.

3B. Key management compensation

	Group	
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Salaries and other short-term employee benefits	3,325	2,861

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

	Group	
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Remuneration of directors of the company	1,154	1,104
Fees to directors of the company	418	328

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 (2023: 12) persons.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

3. Related party relationships and transactions (cont'd)

3C. Other receivables from related parties

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

<u>Company</u>	<u>Subsidiaries</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Other receivables:</u>		
Balance at beginning of the year	11,507	4,534
Amounts paid in and settlement of liabilities on behalf of the company	(6,163)	–
Amounts paid out and settlement of liabilities on behalf of subsidiaries	23	6,973
Balance at end of the year	5,367	11,507

4. Revenue

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Sale of goods	37,724	44,837

The revenue from sale of goods is recognised based on point in time. The customers are mainly retailers and corporate customers. Also see Note 26.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

5. Other income and gains and (other losses)

	Group	
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Allowance for impairment on trade receivables – reversal (loss) (Note 18)		
– collectively impaired	223	(151)
– individually impaired	1,318	–
Allowance for impairment on other receivables due from an associate – reversal		
– individually impaired	–	585
Allowance for impairment on property, plant and equipment (Note 12)	(3,065)	–
Deposit written off	(28)	–
Foreign exchange adjustment loss	(5)	(573)
Gain on disposal of plant and equipment	36	59
Gain arising from sale and leaseback transaction (Note 12)	–	19,154
Gain on disposal of subsidiaries	6	–
Insurance claims ^(a)	6	265
Provision for litigation (Note 25)	–	(840)
Plant and equipment written off	–	(1,758)
Sundry income	201	2
Total	(1,308)	16,743
Presented in profit or loss as:		
Other income and gains	1,790	20,065
Other losses	(3,098)	(3,322)
Net	(1,308)	16,743

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

6. Marketing and distribution expenses and administrative expenses

The major components include the following:

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Marketing and distribution expenses</u>		
Advertisement and promotions	233	110
Employee benefits expense (Note 8)	1,756	1,960
Insurance expense	77	81
Logistics expense	517	518
Repairs and maintenance	48	55

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Administrative expenses</u>		
Depreciation of property, plant and equipment	121	387
Employee benefits expense (Note 8)	3,975	3,763
Professional fee	872	1,892
Recruitment expense	317	589
Repairs and maintenance	290	545

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Audit fees to:		
– Independent auditor of the company	319	287
– Other independent auditor – non-network firms	90	83
Audit-related services (“ARS”) fees to:		
– Independent auditor of the company	–	31
Non-ARS fees		
– Independent auditor of the company	92	60

7. Finance costs

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Interest expense	59	129
Interest on lease liabilities	267	85
Total finance costs	326	214

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

8. Employee benefits expense

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Short term employee benefits expense	10,422	10,294
Contributions to defined contribution plans	632	687
Other benefits	381	615
Total employee benefits expense	11,435	11,596

The employee benefits expense is charged as follows:

Cost of sales	5,704	5,873
Marketing and distribution expenses (Note 6)	1,756	1,960
Administrative expenses (Note 6)	3,975	3,763
Total employee benefits expense	11,435	11,596

9. Income tax

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

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Current tax expense:</u>		
Current tax expense	106	54
Under adjustments in respect of prior periods	16	5
Subtotal	122	59
<u>Deferred tax (income) expense:</u>		
Deferred tax expense	(262)	851
Over adjustments in respect of prior periods	(56)	(624)
Subtotal	(318)	227
Total income tax (income) expense	(196)	286

Substantially the group's operations are located in Malaysia for the financial years under review. Accordingly, the Malaysian statutory tax rate of 24% (2023: 24%) is used in the reconciliation below:

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

9. Income tax (cont'd)

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

Substantially the group's operations are located in Malaysia for the financial years under review. Accordingly, the Malaysian statutory tax rate of 24% (2023: 24%) is used in the reconciliation below:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
(Loss) Profit before tax	(7,272)	16,083
Income tax (income) expense at the above rate	(1,745)	3,860
Effect of different tax rate in different country and change in tax rate	774	23
Income not subject to tax	-	(4,195)
Expenses not deductible for tax purposes	815	885
Tax exemptions and rebate	-	(7)
Deferred tax assets not recognised	-	339
Over adjustment to tax in respect of prior periods	(40)	(619)
Total income tax (income) expense	(196)	286

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:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Allowance for impairment on other receivables due from an associate - reversal	-	(140)
Allowance for impairment on plant and equipment	736	-
Depreciation of non-qualifying plant and equipment	5	38
Gain arising from sale and leaseback transaction	-	(3,904)
Insurance claims	-	(64)
Plant and equipment written off	-	352
Professional services	59	-
Provision for litigation	-	202

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

9. Income tax (cont'd)

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

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Excess of net book value on property, plant and equipment over tax values	(349)	1,305
Unrealised gains on foreign exchange	–	(9)
Provisions	463	(413)
Tax losses carryforwards	58	(288)
Unrecognised deferred tax recognised this year	(490)	(707)
Deferred tax assets not recognised	–	339
Total deferred tax expense recognised in profit or loss	(318)	227

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

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> 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	1,028	1,377
Provisions	(1,269)	(1,732)
Tax losses carryforwards	(1,755)	(1,813)
Deferred tax assets not recognised	2,078	2,568
Net	82	400

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 RM7,313,000 (2023: RM7,554,000) as at 29 February 2024. 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:

<u>Group</u>	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
2024 and before	292	292
2025	33	33
2026	1,160	1,160
2028	22	22
2029	248	251
2030	–	55
	1,755	1,813

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

10. (Loss) Earnings per share

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

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Numerators: (loss) profit attributable to equity:		
Continuing operations: attributable to equity holders	(7,076)	15,797
	<u>No. of shares</u> '000	<u>No. of shares</u> '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 (loss) earnings per share ratio is based on the weighted average number of ordinary shares outstanding during the reporting year. There is no dilution of 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

	<u>Rate per share – RM</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u> RM'000	<u>2023</u> RM'000
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. This amount was paid during the reporting year ended 2024.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

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 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-off	-	-	(389)	-	(1,332)	(1,631)	(1,055)	(4,407)
At 28 February 2023	-	-	6,277	910	22,378	-	-	29,565
Additions	-	-	26	-	35	-	-	61
Disposal	-	-	-	(217)	(350)	-	-	(567)
Write-off	-	-	(11)	-	(13)	-	-	(24)
At 29 February 2024	-	-	6,292	693	22,050	-	-	29,035
<u>Accumulated depreciation and impairment losses:</u>								
At 1 March 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-off	-	-	(294)	-	(1,332)	(1,023)	-	(2,649)
At 28 February 2023	-	-	5,501	775	15,188	-	-	21,464
Impairment loss	-	-	478	-	2,587	-	-	3,065
Additions	-	-	191	33	1,383	-	-	1,607
Disposal	-	-	-	(217)	(296)	-	-	(513)
Write-off	-	-	(11)	-	(13)	-	-	(24)
At 29 February 2024	-	-	6,159	591	18,849	-	-	25,599
<u>Net carrying value:</u>								
At 1 March 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
At 29 February 2024	-	-	133	102	3,201	-	-	3,436

Certain items at a carrying value of RM103,000 (2023: RM135,000) are under lease liabilities agreements (see Note 22).

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

12. Property, plant and equipment (cont'd)

Allocation of the depreciation expense:

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Cost of sales	1,452	1,552
Marketing and distribution expenses	34	38
Administrative expenses	121	387
Total	1,607	1,977

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

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Furniture and fittings	4,514	4,326
Plant and machinery	8,647	8,639
Motor vehicles	531	696
Total	13,692	13,661

(b) 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

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 for the reporting year 2023.

(c) Impairment losses:

Plant and equipment at a carrying amount of RM6,399,000 was impaired by RM3,065,000 due to weaker performance of the subsidiaries. The fair value less costs of disposal was based on a valuation made by a firm of independent professional valuer based on depreciated replacement cost method and cost comparison approach. The non-recurring fair value measurement is categorised within the fair value hierarchy at Level 3.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

13. Right-of-use assets

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

<u>Group</u>	<u>Leasehold land and building</u> RM'000
<u>Cost:</u>	
At 1 March 2022	–
Addition	3,184
At 28 February 2023 and 29 February 2024	3,184
<u>Accumulated depreciation:</u>	
At 1 March 2022	–
Depreciation for the year	265
At 28 February 2023	265
Depreciation for the year	1,062
At 29 February 2024	1,327
<u>Carrying value:</u>	
At 1 March 2022	–
At 28 February 2023	2,919
At 29 February 2024	1,857

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.

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 determine that the right-of-use asset is impaired. The estimated useful life of the assets are 2 (2023: 3) years.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

14. Intangible asset

<u>Group</u>	<u>Development cost</u> RM'000
<u>Cost:</u>	
At 1 March 2022, 28 February 2023 and 29 February 2024	910
<u>Accumulated amortisation and impairment losses:</u>	
At 1 March 2022, 28 February 2023 and 29 February 2024	910
<u>Carrying value:</u>	
At 1 March 2022, 28 February 2023 and 29 February 2024	–

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

	<u>Company</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>At cost:</u>		
Balance at beginning of the year	44,415	60,357
Disposal	(277)	–
Repayment of quasi loan	–	(15,942)
	44,138	44,415
Allowance for impairment	(19,616)	(17,790)
Balance at end of the year	24,522	26,625
<u>Movements in allowance for impairment:</u>		
Balance at beginning of the year	(17,790)	(5,090)
Impairment allowance	(1,826)	(12,700)
Balance at end of the year	(19,616)	(17,790)

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

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>	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> %	<u>2023</u> %
Jemaramas Jaya Sdn. Bhd. ^(a) Malaysia Manufacture, marketing and sale of system furniture and other furniture related products	32,101	32,101	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. ^(b) Malaysia Dormant	–	277	100	100
Versalink (S) Pte. Ltd. ^{(c) (e)} Singapore Dormant	–	–	100	100
Versalink System Furniture (S) Pte. Ltd. ^{(d) (e)} Singapore Marketing and sale of system furniture and other furniture related products	–	–	100	100
Total investment in subsidiaries	44,138	44,415		

^(a) Other independent auditor. Audited by Crowe Malaysia PLT, a firm of accountants other than member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.

^(b) The subsidiary was disposed during the reporting year on 13 June 2023.

^(c) Audited by RSM SG Assurance LLP, a member of RSM International.

^(d) Applying for strike off during the year.

^(e) The cost of investment is less than RM1,000.

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 STATEMENT

YEAR ENDED 29 FEBRUARY 2024

15. Investment in subsidiaries (cont'd)

15A. Disposal of subsidiaries

On 13 June and 31 December 2023, the group disposed Versalink Technology Sdn. Bhd. to an existing director and applied strike off for Versalink System Furniture (S) Pte. Ltd. by way of voluntary winding up by shareholder respectively. Versalink System Furniture (S) Pte. Ltd. was struck off on 6 May 2024.

The carrying amount of the assets and liabilities of the subsidiaries at the date of disposal are as follows:

	<u>At date of disposal</u>
	RM'000
<u>Net liabilities transferred</u>	
Other receivables	1
Cash and cash equivalents	4
Other payables	(10)
Net liabilities disposed of	(5)
<hr/>	
Satisfied by:	
Cash proceeds	1
<hr/>	
Gain on disposal:	
Consideration received	1
Net liabilities disposed of	5
Gain on disposal	6
<hr/>	
Net cash inflow on disposal:	
Cash consideration	1
Cash balance disposed of	(4)
Net cash outflow	(3)
<hr/>	

The results for the reporting year from the subsidiaries for the period from the beginning of the reporting year to the date of strike off and disposal date which have been included in the consolidated financial statements were as follows:

	<u>At date of disposal</u>
	RM'000
Loss for the year	36
<hr/>	

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

15. Investment in subsidiaries (cont'd)

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 weaker performance, current economic environment and geopolitical uncertainties. Management has assessed JJ and VM collectively 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. The impairment test was based on fair value less costs of disposal method.

The fair value less costs of disposal was measured by a firm of independent professional valuer. The quantitative information about fair value measurements using significant unobservable inputs (Level 3) for the cash generating unit (categorised in its entirety without taking into account whether the "costs of disposal" are observable) are as follows:

<u>Company</u>	<u>2024</u>
Valuation technique: Fair value less costs of disposal method	
The quantitative information about fair value measurements using significant unobservable inputs (Level 3):	
Revenue multiple	0.6 times
Discount for lack of marketability	20%
Control premium	25%

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

16. Investment in associate

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Cost:</u>		
At 1 March 2022 and 28 February 2023	270	270
Disposal	(270)	–
At 29 February 2024	–	270
<u>Accumulated impairment losses:</u>		
At 1 March 2022 and 28 February 2023	270	270
Disposal	(270)	–
At 29 February 2024	–	270
<u>Net carrying value:</u>		
At 1 March 2022, 28 February 2023 and 29 February 2024	–	–
Share of net book value of associate	–	(607)

<u>Name of associate, country of incorporation, place of operations and principal activities</u>	<u>Effective percentage of equity held by Group</u>	
	<u>2024</u> %	<u>2023</u> %
Alca Vstyle Sdn. Bhd. Malaysia Trading in all kinds of high pressure laminate and related products	–	34

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.

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Loss, net of tax	–	(138)
Total comprehensive loss	–	(138)
Net liabilities of the associate	–	(1,785)

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

17. Inventories

	Group	
	2024	2023
	RM'000	RM'000
Raw materials	5,157	6,292
Work-in-progress	73	226
Finished goods	295	2,104
Total inventories	5,525	8,622

Inventories are stated after allowance. Movements in allowance:

Balance at beginning of the year	2,934	2,947
Charged (Reversed) to profit or loss included in cost of sales	1,420	(13)
Balance at end of the year	4,354	2,934

The write-down of inventories charged (reversed) to profit or loss included in cost of sales	1,420	(13)
Changes in inventories of finished goods and work-in-progress – decrease	1,962	1,318
The amount of inventories included in cost of sales	24,640	30,231

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

18. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Trade receivables:</u>				
Outside parties	3,543	5,450	-	-
Less allowance for impairment:				
- collectively impaired	(242)	(466)	-	-
- individually impaired	-	(1,455)	-	-
Subsidiaries	-	-	5,410	4,386
Net trade receivables – subtotal	3,301	3,529	5,410	4,386
<u>Other receivables:</u>				
Subsidiaries (Note 3)	-	-	5,367	11,507
Less allowance for impairment:				
- individually impaired	-	-	-	(156)
Outside party ^(a)	1,000	1,000	-	-
Net other receivables – subtotal	1,000	1,000	5,367	11,351
Total trade and other receivables	4,301	4,529	10,777	15,737

^(a) 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 STATEMENT

YEAR ENDED 29 FEBRUARY 2024

18. Trade and other receivables (cont'd)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Movements in above allowance:</u>				
Balance at beginning of the year				
Allowance for impairment on trade receivables:	1,921	3,431	156	138
– collectively (reversed) impaired	(223)	151	–	–
– individually reversed	(1,318)			
Allowance for impairment on other receivables due from subsidiary:				
– individually impaired	–	–	–	18
Allowance for impairment on other receivables due from associate:				
– individually reversed	–	(585)	–	–
Used	(138)	(1,076)	(156)	–
Balance at end of the year	242	1,921	–	156

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:

- 57% (2023: 84%) of the group's trade receivables from Malaysia.
- 43% (2023: 16%) of the group's trade receivables from other countries.

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 (2023: 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	
	2024 RM'000	2023 RM'000
<u>Trade receivables:</u>		
Less than 3 months	3,256	3,370
3 to 6 months	20	10
Over 6 months	25	149
Total	3,301	3,529

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

18. Trade and other receivables (cont'd)

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

	Group	
	2024	2023
	RM'000	RM'000
<u>Trade receivables:</u>		
Over 6 months	–	1,455
Total	–	1,455

In 2023, the allowance which is disclosed in the note on trade receivables is based on individual accounts totalling 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. The ageing of the all the balances is as follows:

	Gross amount ^(a)		Expected loss rate		Loss allowance	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	%	%	RM'000	RM'000
<u>Trade receivables:</u>						
1 to 30 days past due	2,280	2,080	–	1	–	16
31 to 60 days past due	767	981	–	1	–	5
61 to 90 days past due	190	330	–	2	–	8
91 to 120 days past due	19	8	–	–	–	–
121 to 150 days past due	20	12	–	17	–	2
151 days to 1 year past due	186	412	87	64	161	263
Over 1 year past due	81	172	100	100	81	172
Total	3,543	3,995			242	466

^(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	
	2024	2023
	RM'000	RM'000
Top 1 customer	1,015	1,455
Top 2 customers	1,705	2,693
Top 3 customers	2,071	3,743

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

18. Trade and other receivables (cont'd)

The other receivables shown above are subject to the expected credit loss ("ECL") allowance assessment under the financial reporting standard on financial instruments. For these material balances judgement is required for the assessment of the credit risk graded 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 material increase in credit risk since initial recognition. For any material increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. 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 available published information about customers 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.

19. Other non-financial assets

	Group		Company	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
Advance payments on purchases of inventories	178	1,010	–	–
Deposits to secure services	879	1,339	–	–
Prepayments	844	631	37	31
Tax recoverable	67	22	–	–
Total other non-financial assets	1,968	3,002	37	31

20. Cash and cash equivalents

	Group		Company	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
Not restricted in use	12,941	24,421	439	3,765
Restricted in use ^(a)	3,939	994	–	–
Total cash and cash equivalents	16,880	25,415	439	3,765
Interest earning balances	3,939	994	–	–

^(a) This is for fixed deposits held by a banker to cover the bank facilities granted to the group (see Note 24).

The rates of interest for the cash on interest earning balances is ranged between 2.00% to 2.70% per annum (2023: 1.60% to 2.25%), and for a tenor of one to twelve months.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

20. Cash and cash equivalents (cont'd)

20A. Cash and cash equivalents in the consolidated statement of cash flows

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Amount as shown above	16,880	25,415
Cash pledged for bank facilities	(3,939)	(994)
Cash and cash equivalents at end of the year	12,941	24,421

20B. Non-cash transactions

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Acquisitions of certain assets under property, plant and equipment under bank loans	-	140

20C. Reconciliation of liabilities arising from financing activities

	<u>Group</u>		<u>Company</u>	
	<u>At beginning of the reporting year</u> RM'000	<u>Cash flows</u> RM'000	<u>Non-cash changes</u> ^(a) RM'000	<u>At end of the reporting year</u> RM'000
<u>2024:</u>				
Other financial liabilities	924	(432)	-	492
Lease liabilities	6,959	(2,674)	267	4,552
<u>2023:</u>				
Other financial liabilities	3,507	(2,583)	-	924
Lease liabilities	-	(675)	7,634	6,959

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

21. 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 2022	135,000	62,513
Capital reduction via cash distribution ^(a)	–	(26,078)
Balance at 28 February 2023 and 29 February 2024	135,000	36,435

^(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.

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.

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

22. Lease liabilities

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

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Current	2,528	2,408
Non-current	2,024	4,551
Total lease liabilities	4,552	6,959

A summary of the maturity analysis of lease liabilities is disclosed in Note 27E. 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.

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% (2023: 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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

23. Trade and other payables

	Group		Company	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Trade payables:</u>				
Outside parties	3,272	2,321	-	-
Trade payables – subtotal	3,272	2,321	-	-
<u>Other payables:</u>				
Dividend payable (Note 11)	-	8,083	-	8,083
Outside parties and accrued liabilities	3,020	2,037	831	394
Deposits received from customers ^(a)	-	2,232	-	-
Other payables – subtotal	3,020	12,352	831	8,477
Total trade and other payables	6,292	14,673	831	8,477

^(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. The group recognised all its unsatisfied (or partially unsatisfied) performance obligations for the reporting year ended 2024.

24. Other financial liabilities

	Group	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Bankers' acceptance (unsecured)	492	924
Total other financial liabilities	492	924

The bankers' acceptance bear floating interest rates of 3.75% to 4.02% (2023: 3.37% to 3.75%) and are secured by joint and personal guarantee by two (2) directors of a subsidiary and pledged of fixed deposits held by the banks (Note 20).

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).

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

25. Provisions

	Group	
	2024 RM'000	2023 RM'000
Litigation	1,680	1,680
Movements in above provision:		
At beginning of the year	1,680	840
Provision charged to profit or loss included in other losses	–	840
Total	1,680	1,680

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 recognised 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.

In 2023, 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.

During the reporting year ended 29 February 2024, the legal proceedings has been handed over to a new legal firm and the same advice and opinion as above are maintained. Hence the provision remained as at 29 February 2024.

- (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. An allowance for impairment on trade receivable amounting to RM1,455,000 was provided for this customer in prior years. 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 reversed from allowance for impairment on trade receivable as at 28 February 2023 as the judgment was served after the reporting year ended and no payment was received as at the date of report for reporting year ended 28 February 2023.

During the reporting year ended 29 February 2024, the adjudication proceedings was concluded and the subsidiary was awarded RM1,861,000 including interest charged to the customer and legal claims. The amount was fully received during the reporting year.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

26. Financial information by operating segments

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 to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

26A. Information about reportable segment profit or loss, assets and liabilities

For management purposes the reporting entity 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 it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the board of directors (who are identified as the chief operating decision makers) in deciding how to allocate resources and in assessing the performance. 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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

26. Financial information by operating segments (cont'd)

26B. Profit or loss from continuing operations and reconciliations

	Export RM'000	Domestic RM'000	Group RM'000
Continuing operations 2024			
Revenue by segment			
Total revenue by segment	34,036	8,511	42,547
Inter-segment sales	(4,823)	–	(4,823)
Total revenue	29,213	8,511	37,724
Cost of sales by segment			
Total cost of sales by segment	(30,555)	(6,685)	(37,240)
Inter-segment cost of sales	4,825	–	4,825
Total cost of sales	(25,730)	(6,685)	(32,415)
Gross profit	3,483	1,826	5,309
Recurring LBITDA			(1,860)
Interest income			648
Finance costs			(326)
Depreciation and impairment loss			(5,734)
Loss before tax			(7,272)
Income tax income			196
Loss, net of tax			(7,076)
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 STATEMENT

YEAR ENDED 29 FEBRUARY 2024

26. Financial information by operating segments (cont'd)

26C. Assets and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
<u>2024:</u>				
Total assets for reportable segments	30,689	9,140	27,158	66,987
Elimination of inter-segment receivables	(6,338)	–	(26,682)	(33,020)
Total group assets	24,351	9,140	476	33,967
<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

26D. Liabilities and reconciliations

	Export RM'000	Domestic RM'000	Unallocated RM'000	Group RM'000
<u>2024:</u>				
Total liabilities for reportable segments	19,088	10,304	1,019	30,411
Elimination of inter-segment payables	(9,333)	(7,760)	(262)	(17,355)
Unallocated:				
Deferred tax liabilities	–	–	82	82
Total group liabilities	9,755	2,544	839	13,138
<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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

26. Financial information by operating segments (cont'd)

26E. Other material items and reconciliations

	<u>Export</u> RM'000	<u>Domestic</u> RM'000	<u>Group</u> RM'000
Capital expenditure for non-current assets:			
2024	61	–	61
2023	445	163	608
Allowance for impairment on property, plant and equipment:			
2024	3,065	–	3,065
2023	–	–	–
Allowance (Reversal) on inventory, net:			
2024	530	890	1,420
2023	35	(48)	(13)
(Reversal) Allowance for impairment on trade receivables:			
2024	(1,553)	12	(1,541)
2023	49	102	151

26F. Geographical information

Revenue based on geographical locations of customers is as follows:

	<u>2024</u> RM'000	<u>2023</u> RM'000
Revenue:		
Malaysia	12,731	21,718
Middle East	6,996	4,939
North America	9,641	13,113
Asia	5,917	4,253
Africa	1,898	–
Singapore	461	545
Others	80	269
Consolidated revenue	37,724	44,837

26G. Information about major customers

	<u>2024</u> RM'000	<u>2023</u> RM'000
Top 1 customer in more than one segment	6,456	10,476
Top 2 customers in more than one segment	12,912	17,296
Top 3 customers in more than one segment	15,881	21,327

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

27. Financial instruments: information on material policy information and financial risk

27A. 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Financial assets:</u>				
Financial assets at amortised cost	21,181	29,944	11,216	19,502
At end of the year	21,181	29,944	11,216	19,502
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	11,336	20,324	831	8,477
At end of the year	11,336	20,324	831	8,477

Further quantitative disclosures are included throughout these financial statements

27B. 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.

27C. 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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

27. Financial instruments: information on material policy information and financial risk

27D. 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 counterparties 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 20 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.

27E. 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 (2023: 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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

27. Financial instruments: information on material policy information and financial risk (con't)

27E. Liquidity risk – financial liabilities maturity analysis

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
<u>Group</u>			
<u>2024:</u>			
Non-derivative financial liabilities:			
Trade and other payables	6,292	–	6,292
Gross borrowing commitments	492	–	492
Lease liabilities	2,650	1,987	4,637
At end of the year	9,434	1,987	11,421
<u>2023:</u>			
Non-derivative financial liabilities:			
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>Company</u>			
		<u>2024</u>	<u>2023</u>
		RM'000	RM'000
<u>Less than one year</u>			
<u>Non-derivative financial liabilities:</u>			
Trade and other payables		831	8,477

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.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

27. Financial instruments: information on material policy information and financial risk (cont'd)

27E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
Undrawn borrowing facilities	2,308	1,876

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.

27F. 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:

	<u>Group</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Financial liabilities with interest:</u>		
Fixed rates	4,552	6,959
Floating rates	492	924
Total at end of the year	5,044	7,883
<u>Financial assets with interest:</u>		
Fixed rates	3,939	994
Total at end of the year	3,939	994

The interest rates are disclosed in Notes 20, 22 and 24.

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

27. Financial instruments: information on financial risks (cont'd)

27G. 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.

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>2024:</u>					
<u>Financial assets:</u>					
Cash and bank balances	227	5,473	–	–	5,700
Trade and other receivables	33	1,366	–	–	1,399
Total financial assets	260	6,839	–	–	7,099
<u>Financial liabilities:</u>					
Trade and other payables	–	–	(905)	(435)	(1,340)
Total financial liabilities	–	–	(905)	(435)	(1,340)
Net financial assets (liabilities) at end of the year	260	6,839	(905)	(435)	5,759
<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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

27. Financial instruments: information on financial risks (cont'd)

27G. Foreign currency risks (cont'd)

<u>Company</u>	<u>Singapore Dollar</u>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
<u>Financial assets:</u>		
Cash and bank balances	439	3,765
Trade and other receivables	37	31
Total financial assets	476	3,796
<u>Financial liabilities:</u>		
Trade and other payables	(831)	(394)
Total financial liabilities	(831)	(394)
Net financial (liabilities) asset at end of the year	(355)	3,402

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

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 29 FEBRUARY 2024

28. Changes and adoption of financial reporting standards

For the current reporting year the ASC issued amendment to FRS 1 and Practice Statement 2 on disclosures of material information and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the reporting entity. Those applicable to the reporting entity are listed below.

SFRS(I) No.	Title
SFRS(I) 1-8	Definition of Accounting Estimates - Amendments to
SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to

29. New or amended standards in issue but not yet effective

For the future reporting years the ASC issued certain new or revised financial reporting standards. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting 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. Those applicable to the reporting entity for future reporting years are listed below.

<u>SFRS(I) No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
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	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants	1 January 2024

SHAREHOLDINGS STATISTICS

AS AT 20 MAY 2024

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	14	8.00	6,700	0.01
1,001 - 10,000	48	27.43	298,000	0.22
10,001 - 1,000,000	104	59.43	8,266,200	6.12
1,000,001 AND ABOVE	9	5.14	126,429,100	93.65
TOTAL	175	100.00	135,000,000	100.00

SHAREHOLDINGS STATISTICS

AS AT 20 MAY 2024

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 20 May 2024, approximately 21.55% 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	CGS Intl Securities Singapore PL	77,200,200	57.19
2	Trendy King Limited	30,928,000	22.91
3	Yeo Khee Seng Benny	7,190,400	5.33
4	Law Boon Seng	3,185,100	2.36
5	OCBC Securities Private Limited	2,340,800	1.73
6	Gan Kim Cho @Gan Kim Chor	2,109,400	1.56
7	Lim Chye Huat @ Bobby Lim Chye Huat	1,360,000	1.01
8	Kek Chin Wu	1,074,900	0.80
9	Wong Hon Mui (Huang Hanmei)	1,040,300	0.77
10	Chun Kwong Pong	595,000	0.44
11	Phillip Securities Pte Ltd	509,100	0.38
12	Leow Soy Nyuk Or Leow Soy Seon	500,500	0.37
13	Leow Kar Ping	429,900	0.32
14	Ho Yew Ming Or Wong Phooi Yee	360,000	0.27
15	Moomoo Financial Singapore Pte. Ltd.	328,900	0.24
16	Wong Soo Chai @ Wong Chick Wai	284,000	0.21
17	Lim & Tan Securities Pte Ltd	260,500	0.19
18	KGI Securities (Singapore) Pte. Ltd	227,000	0.17
19	Wan Ho Yin	213,300	0.16
20	Tiong Kwai Lan	203,000	0.15
TOTAL		130,340,300	96.56

SUBSTANTIAL SHAREHOLDERS AS AT 20 MAY 2024 (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	Ge Shuming ¹	–	39,208,500	39,208,500	29.04
2	Trendy King Limited	30,928,000	–	30,928,000	22.91
3	Duanmu Xiaoyi ²	–	30,928,000	30,928,000	22.91
4	Yu Liangbing ³	–	18,363,500	18,363,500	13.60
5	Yeo Khee Seng Benny	7,190,400	–	7,190,400	5.33

Notes:

⁽¹⁾ Ge Shuming holds 39,208,500 ordinary shares in the Company in his trading account managed by CGS-CIMB Securities (Singapore) Pte Ltd.

⁽²⁾ As Trendy King Limited is wholly owned by Duanmu Xiaoyi, Duanmu Xiaoyi is deemed to have an interest in the ordinary shares of the Company that are owned by Trendy King Limited.

⁽³⁾ Yu Liangbing holds 18,363,500 ordinary shares in the Company in his trading account managed by CGS-CIMB Securities (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 (“AGM”) of Versalink Holdings Limited (the “Company”) will be held at the Theatre, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Thursday, 27 June 2024 at 2.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 29 February 2024, together with the Auditor’s Report thereon. **Resolution 1**
2. To approve the payment of additional Directors’ fees of S\$16,607.90 for the financial year ended 29 February 2024. **Resolution 2**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$156,000 for the financial year ending 28 February 2025 (2024: S\$121,607.90, including additional Directors’ fees of S\$16,607.90 referred to in item 2 above), to be paid quarterly in arrears. **Resolution 3**
4. To re-elect Mr Law Kian Siong, who is retiring in accordance with Article 114 of the Company’s Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 4**

[See Explanatory Notes (ii) and (vii)]
5. To re-elect Mr Ge Shuming, who is retiring in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 5**

[See Explanatory Notes (iii) and (vii)]
6. To re-elect Mr Chong Kwang Shih, who is retiring in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 6**

[See Explanatory Notes (iv) and (vii)]
7. To re-elect Mr Xue Congyan, who is retiring in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 7**

[See Explanatory Notes (v) and (vii)]
8. To re-elect Ms Liu Xiaohua, who is retiring in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers herself for re-election as a Director of the Company. **Resolution 8**

[See Explanatory Notes (vi) and (vii)]
9. To note that RSM SG Assurance LLP (previously known as RSM Chio Lim LLP) will not be seeking re-appointment as the external auditor of the Company. **Resolution 8**

[See Explanatory Note (viii)]
10. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

11. Authority to allot and issue shares

Resolution 9

(a) That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

- (i) allot and issue shares in the share 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 at their absolute discretion deem fit; and

(b) (notwithstanding that 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a *pro-rata* basis to existing shareholders of the Company does not exceed 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 this Resolution is passed, after adjusting for:

- (1) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (2) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (3) any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF ANNUAL GENERAL MEETING

Adjustments in accordance with sub-paragraphs (ii)(1) or (ii)(2) above are only to be made in respect of new Shares arising from the Instruments, 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 the SGX-ST), the Companies Act 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: (1) the conclusion of the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier; or (2) 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 (ix)]

By Order of the Board

LIM KOK MENG
Company Secretary

12 June 2024
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) At the Annual General Meeting of the Company held on 27 June 2023, shareholders of the Company approved the payment of Directors' fees of S\$105,000 for the financial year ended 29 February 2024 ("FY2024"), to be paid monthly in arrears.

The proposed payment of additional Directors' fees of S\$16,607.90 for FY2024 to be approved by shareholders of the Company at this AGM of the Company arose due to the Board renewal process and the change of Independent Directors in FY2024, which led to the appointment of an additional Independent Director to the Board of Directors of the Company ("**Board**"). As part of the Board renewal process, the fees payable to the incoming Independent Directors were reviewed and revised to ensure that such fees remained competitive.

If the proposed payment of additional Directors' fees of S\$16,607.90 is approved by shareholders of the Company at this AGM of the Company, the total payment for Directors' fees for FY2024 will be S\$121,607.90.

- (ii) Mr Law Kian Siong shall, upon re-election, remain as an Executive Director of the Company.
- (iii) Mr Ge Shuming shall, upon re-election, remain as an Executive Director of the Company and the Chairman of the Board.
- (iv) Mr Chong Kwang Shih shall, upon re-election, remain as the Lead Independent Director of the Company, the Chairman of the Audit Committee, as well as a member of the Nominating Committee and the Remuneration Committee of the Company. Mr Chong Kwang Shih is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.
- (v) Mr Xue Congyan shall, upon re-election, remain as an Independent Director of the Company, the Chairman of the Nominating Committee, as well as a member of the Audit Committee and the Remuneration Committee of the Company. Mr Xue Congyan is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.
- (vi) Ms Liu Xiaohua shall, upon re-election, remain as an Independent Director of the Company, the Chairman of the Remuneration Committee, as well as a member of the Audit Committee and the Nominating Committee of the Company. Ms Liu Xiaohua is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.
- (vii) Please refer to the "Additional Information Required Pursuant to Rule 720(5) of the Catalist Rules on Directors Seeking For Re-election" section of the Corporate Governance Report of the Annual Report of the Company for FY2024 ("**Annual Report**") for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
- (viii) RSM SG Assurance LLP (previously known as RSM Chio Lim LLP) has expressed that it will not be seeking re-appointment as external auditor of the Company. The Company is in the midst of identifying a suitable audit firm and will make further announcement(s) when the new external auditor has been identified, and in relation to the convening of the extraordinary general meeting to obtain shareholders' approval for the appointment of the new external auditor in due course.

NOTICE OF ANNUAL GENERAL MEETING

- (ix) Ordinary Resolution 9 proposed in item 11 above, if passed, will empower the Directors of the Company, effective from the date of this AGM of the Company until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or the date such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including any Shares issued pursuant to such Instruments) shall not exceed 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a *pro-rata* basis to 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.

Notes:

1. Members of the Company ("Members") are invited to **attend physically** at the AGM. **There will be no option for Members to participate virtually.** Printed copies of this Notice of AGM, the Proxy Form and the Notice of Electronic Communication dated 12 June 2024 will be sent to Members. These documents are also made available on the SGXNet and the Company's corporate website at <https://versalink.com/investors/>. Members are advised to check SGXNet and/or the Company's corporate website regularly for updates.
2. The Annual Report is made available on the SGXNet and the Company's corporate website at <https://versalink.com/investors/>. Printed copies of the Annual Report will not be sent to Members. Members who wish to receive a printed copy of the Annual Report will need to complete and submit the Election Form (which can be found in the Notice of Electronic Communication dated 12 June 2024) to the Company by 9.00 a.m. on 19 June 2024.
3. Members may submit questions relating to the Annual Report and resolutions set out in the Notice of AGM in advance:
 - (a) 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
 - (b) by electronic mail to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.teamd@boardroomlimited.com.

All questions must be submitted by 9.00 a.m. on 20 June 2024.

Members, including SRS investors, who wish to submit their questions by post or by email are required to indicate their full names (for individuals) / company names (for corporates), NRIC / passport / company registration numbers, contact numbers, shareholding types and number of Shares held together with their submission of questions, to the office address or email address provided. Investors who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), excluding SRS investors, should contact their respective relevant intermediaries to submit their questions based on the abovementioned instructions.

NOTICE OF ANNUAL GENERAL MEETING

The Company will endeavour to address the substantial and relevant questions from Members soonest possible and in any case, not later than forty-eight (48) hours before the closing date and time for the lodgement of Proxy Forms (i.e. by 2.30 p.m. on 23 June 2024 (the “**Cut-Off Time**”). The responses to substantial and relevant questions from Members by the Cut-Off Time will be posted on the SGXNet and the Company’s corporate website. Any subsequent clarifications sought by Members after the Cut-Off Time, or during the AGM, will be addressed at the AGM. The minutes of the AGM will be published on the SGXNet and the Company’s corporate website within one (1) month after the date of the AGM.

4. A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such Member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the Proxy Form. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member. Where such Member appoints more than one (1) proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

“relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act.

5. A proxy need not be a Member.
6. The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the Proxy Form is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:
 - (a) if sent personally or by post, 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
 - (b) if sent by email, to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.proxy@boardroomlimited.com,

in each case, not less than forty-eight (48) hours before the time appointed for holding the AGM, i.e. by 2.30 p.m. on 25 June 2024.

7. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised. Where an instrument appointing a proxy(ies) is signed on behalf of the appointed by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted personally or by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

8. Persons who hold Shares through relevant intermediaries (including SRS investors) and wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS operators) through which they hold such Shares at least seven (7) working days before the AGM to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 2.30 p.m. on 25 June 2024.
9. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend, speak and vote at the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'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 of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (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**"); and (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 express 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.

Photographic, sound and/or video recordings of the AGM of the Company may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member (such as his name, his presence at the AGM of the Company 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. SRS investors may attend, speak and vote at the AGM in person. SRS investors who are unable to attend the AGM but would like to vote, may approach their SRS operators at least seven (7) working days before the AGM to appoint the Chairman of the AGM to act as their proxy and submit their votes, in which case, such SRS investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by the SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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	Proportion of Shareholdings	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

or failing the person or both of the persons above, the Chairman of the 2024 Annual General Meeting ("AGM") of the Company as my/our* proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the AGM of the Company to be held at the Theatre, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Thursday, 27 June 2024 at 2.30 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or abstain from the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* 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 Audited Financial Statements of the Company for the financial year ended 29 February 2024, together with the Auditor's Report thereon.			
2	To approve the payment of additional Directors' fees of S\$16,607.90 for the financial year ended 29 February 2024.			
3	To approve the payment of Directors' fees of S\$156,000 for the financial year ending 28 February 2025.			
4	To re-elect Mr Law Kian Siong as a Director of the Company.			
5	To re-elect Mr Ge Shuming as a Director of the Company.			
6	To re-elect Mr Chong Kwang Shih as a Director of the Company.			
7	To re-elect Mr Xue Congyan as a Director of the Company.			
8	To re-elect Ms Liu Xiaohua as a Director of the Company.			
9	To authorise the Directors of the Company to allot and issue shares.			

* Delete accordingly

** If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate with a tick (✓) within the boxes provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2024

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Fold and seal here

NOTES:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this Proxy Form. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.

"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A proxy need not be a member of the Company.
4. This Proxy Form, duly executed must be submitted:
 - (a) if sent personally or by post, 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
 - (b) if sent by email, to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.proxy@boardroomlimited.com,in each case, not less than forty-eight (48) hours before the time appointed for holding the AGM, i.e. by 2.30 p.m. on 25 June 2024.
5. The appointment of a proxy or proxies shall not preclude a member from attending, speaking and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
6. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

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Affix
Postage
Stamp

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

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7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a notorially certified copy thereof (failing previous registration with the Company) must be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.
9. Persons who hold shares through relevant intermediaries (including SRS investors) and wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include SRS operators) through which they hold such shares at least seven (7) working days before the AGM to submit their voting instructions in order to allow sufficient time for their respective relevant intermediaries to in turn submit this Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 2.30 p.m. on 25 June 2024.
10. The Company shall be entitled to reject this 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 this Proxy Form (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged 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.

PERSONAL DATA PRIVACY:

By submitting this Proxy Form, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of AGM of the Company dated 12 June 2024.

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