

2025
ANNUAL
REPORT



This annual report has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**").

This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (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, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.



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CORPORATE PROFILE AND OUR BUSINESS



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 in Singapore, Malaysia and abroad.

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 tailored to its customers’ specifications under its “**Versalink**” brand or on an original equipment manufacturers (“**OEM**”) basis.

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 of 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.

After more than three decades, Versalink has built a wide customer base 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, in Singapore, Malaysia and abroad.

Versalink’s manufacturing plant is located at Lot 6119, Jalan Haji Salleh, Batu 51/2, 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.

Versalink has been 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 being 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 at the forefront of system furniture design. In addition, the Group devotes its resources to giving back to society by implementing various social and environmentally responsible corporate practices.

The Group’s core business can be segregated into two (2) business divisions, namely Domestic Sales and Export Sales.

Domestic Sales

Domestic sales in Malaysia are derived mainly from project sales by way of tenders, 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 showroom located at Versalink’s manufacturing plant. Other domestic sales are derived from sales made to distributors, resellers, retailers, and OEM customers.

Export Sales

Export sales are primarily from 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 INFORMATION

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

COMPANY SECRETARY	REGISTERED OFFICE	SHARE REGISTRAR & SHARE TRANSFER OFFICE
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 W: versalink.com	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632

AUDITORS	SPONSOR
Foo Kon Tan LLP 1 Raffles Place #04-61 One Raffles Place Tower 2 Singapore 048616 T: (65) 6336 3355 F: (65) 6337 2197 <small>Audit Partner-in-charge: Kong Chih Hsiang, Raymond (Member of the Institute of Singapore Chartered Accountants) (Effective from financial year ended 28 February 2025)</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



Ge Shuming
(Executive Director and
Chairman of the Board)

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

Ge Shuming is primarily responsible for the Company's business development, including proactively setting new business goals, identifying potential risks and opportunities, and leading strategic business decisions to drive the Company's growth.

With over eight years of experience in corporate management, Ge Shuming also brings extensive expertise in operations and marketing management within the life science industry. He has deep insights into industrial development and strategic planning and has successfully implemented practical applications in human resource and business management.

Ge Shuming holds a Bachelor's Degree in Pharmaceutical Engineering from the Minzu University of China and a Master's Degree in Business Management from the Hong Kong Polytechnic University.

Other Present Listed Directorship:
NIL

**Past Listed Directorship
(Preceding Five Years):**
NIL



**Law Kian Siong
(Matthew Law)**
(Executive Director)

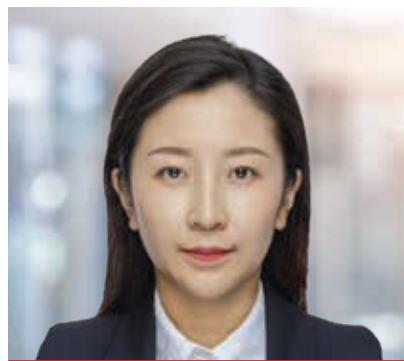
Matthew Law was appointed as an Executive Director on 21 August 2014. He joined the Group in January 1994 and was appointed as Chief Executive Officer (CEO) in 2012. On 19 July 2023, he was re-designated from Executive Director and Group CEO to Executive Director of the Company.

Matthew Law is responsible for the Group's strategic direction and expansion plans, developing and maintaining relationships with customers and suppliers, and overseeing the Group's general operations, including research and development, warehouse management, quality assurance, logistics, and purchasing departments. With over 20 years of experience in the furniture industry, he has played a key role in the establishment and growth of the Group's business.

Matthew Law holds a Bachelor's Degree in Business Administration from Camden University, USA, and currently serves on the Board of Trustees of the Malaysian Timber Council. Matthew Law is also the Deputy President of the Malaysian Furniture Council, and the Honorary President and Committee Member of the Kuala Lumpur and Selangor Furniture Association.

Other Present Listed Directorship:
NIL

**Past Listed Directorship
(Preceding Five Years):**
NIL



Liu Xiaohua
(Independent
Non-Executive Director)

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

With a multidisciplinary background, Liu Xiaohua began her career in the legal industry as a legal specialist and lawyer before transitioning into project management and investment. She has over 10 years of experience in corporate advisory and equity markets, primarily in China.

Liu Xiaohua also serves 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.

Liu Xiaohua holds a Master of Law from the China University of Geosciences, Beijing, and a Bachelor of Law from the Tianjin University of Commerce.

Pursuant to Article 114 of the Company's Constitution, Liu Xiaohua will be retiring 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
Tracy Energy Technology Co., Ltd.

DIRECTORS' PROFILE



Chong Kwang Shih
(Lead Independent
Non-Executive Director)

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

With over 25 years of experience in financial management, fundraising, restructuring, and investments, Chong Kwang Shih brings extensive expertise to the Board. His career includes serving as the Chief Financial Officer ("CFO") for several companies listed on the SGX-ST, including OIO Holdings Limited (formerly known as DLF Holdings Limited), AJJ Medtech Holdings Limited (formerly known as OEL (Holdings) Limited), and Emerging Towns & Cities Singapore Ltd. (formerly known as Cedar Strategic Holdings Ltd.). In these roles, Chong Kwang Shih was responsible for financial and management reporting, budgeting, regulatory and financial controls, risk management, statutory compliance, due diligence, process improvements, treasury, and management recruitment.

Chong Kwang Shih currently serves as the CFO of FF Global Pte. Ltd., in which its business group is engaged in, among others, the sourcing and trading of African hardwood logs.

Chong Kwang Shih holds a Bachelor of Commerce and Administration with a major in Accountancy from the Victoria University of Wellington, New Zealand.

Other Present Listed Directorship:
NIL

**Past Listed Directorship
(Preceding Five Years):**
AGV Group Limited



Xue Congyan
(Independent
Non-Executive Director)

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.

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

Xue Congyan is also an Independent Non-Executive Director of Camsing Healthcare Limited, and serves 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.

Having worked in professional capital markets firms such as Beijing Chum Investment Corporation and Chardan Capital Markets LLC, Xue Congyan is currently the Managing Director of Go & Company (HK) Limited, which he co-founded in April 2012. He is also the Founder of Mundial Financial Group, LLC and Beijing Gloryhope Capital (Limited Partnership).

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

Pursuant to Article 114 of the Company's Constitution, Xue Congyan will be retiring 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

Yu Liangbing

(Vice President of the Company)

Yu Liangbing was appointed as the Vice President of the Company on 4 March 2024. He is responsible for increasing the competitiveness of the Group through technological innovation, management and business model innovation, as well as through potential acquisitions, joint ventures and strategic investments.

Yu Liangbing has over 20 years of experience in the management of business operations and strategic investments. From 1998 to 2017, Yu Liangbing worked at CYTS Holdings Co. Ltd., in which he has served in various capacities, including as Vice President of International Tourism Company, General Manager of Operations Management Department, General Manager of Inbound Online Business Department, General Manager of Destination Overseas Marketing Business Department, General Manager of Investment Management Department, and Strategic Planning Director of Securities Department. Yu Liangbing is currently an Executive Partner at Beijing Gloryhope Oriental Investment Center (Limited Partnership).

Yu Liangbing graduated with a Bachelor's Degree in Investments Economics and Economic Law from the Huazhong University of Science and Technology.

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 but continues to contribute to the Group as a Director of the Company's subsidiaries.

With over 15 years of experience in the furniture industry, Adam Law oversees the progress and completion of special projects within the Group, including furniture manufacturing processes and other initiatives as directed by the Company's management. He is responsible for production, project, and site management, as well as the technical aspects of the Group's products. Additionally, Adam Law ensures compliance with the Group's procedures and policies and supervises the production and technical departments.

Adam Law holds a National Technical Certificate Grade 3 in Motor Vehicle Mechanics, a Certificate of Apprenticeship in Automotive Technology (Light Vehicles) from the Institute of Technical Education, and a Certificate of Participation in Solid Edge with Synchronous Technology Fundamental Training from Esolid Solutions Sdn Bhd, 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 overseeing technical drawings, bills of materials, and assisting in the design of new products.

Len Kwai Keong began his career with the Group as an apprentice in the production line, where he spent 8 years learning the intricacies of furniture making. In 2011, he was transferred to the Research and Development Department as a Designer, and he was promoted to Research and Development Supervisor in 2012. With over 20 years of experience and expertise in the furniture industry, Len Kwai Keong was promoted to Research and Development Manager in May 2015.

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



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 to achieve higher levels of success, a more satisfied workforce, business growth and longevity. We practice mindfulness and consider the impact of our business 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, goodwill and ethical behaviour in our business.

VISION

Our ultimate vision is to become an ethical global company, where we incorporate social goals in all our business goals, so as to maximise improvements in the financial, social and environment wellbeing of all our stakeholders.



CORE VALUES



ACT WITH INTEGRITY

We believe that everything starts with integrity. We act with integrity and engage in honest business practices.



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.



KEEP OUR COMMITMENTS

We keep to our commitments and use our best endeavours in the course of our business. We persevere and never give up.



BEING RESPONSIBLE

We believe that we 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.



POSITIVE ATTITUDE

We believe that anything is possible with a positive attitude, and such positive attitude can bring both financial prosperity and improved wellbeing to all our stakeholders.



SHARING AND CARING

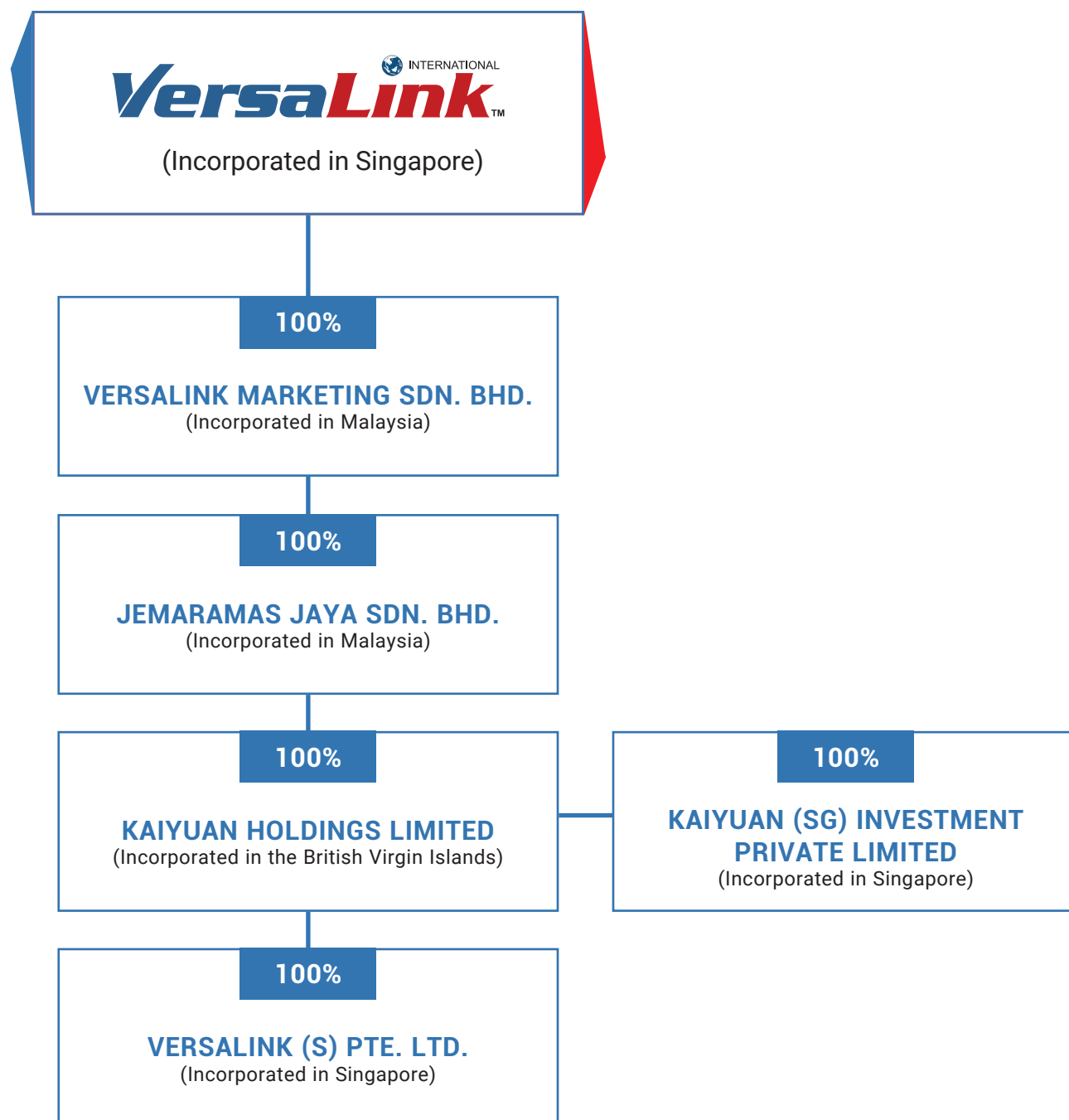
It is our nature and joy to share and care. We believe that we have the abundance of wealth, knowledge, skills and experiences to share with everyone.



STRIVE TO BE MORE

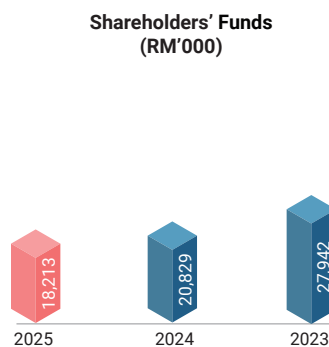
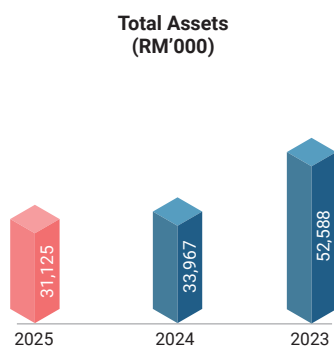
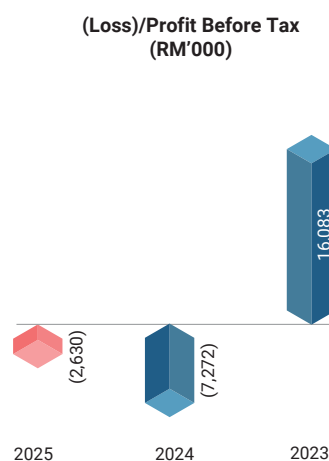
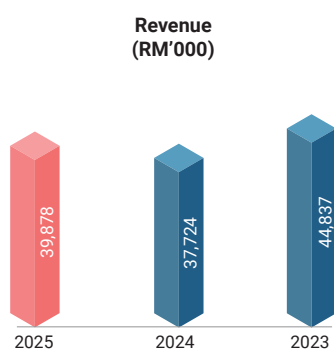
We always strive to be more through action, learning, experiencing and growing.

GROUP CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR	FY2025 RM'000	FY2024 RM'000	FY2023 RM'000
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	39,878	37,724	44,837
(Loss)/profit before tax	(2,630)	(7,272)	16,083
(Loss)/Profit, net of tax attributable to owners of the Company	(2,628)	(7,076)	15,797
Statement of Financial Position			
Total assets	31,125	33,967	52,588
Equity attributable to owners of the Company	18,213	20,829	27,942
Share capital	36,435	36,435	36,435
Ratios			
(Loss)/earnings per share (on weighted average number of ordinary shares in issue) (cents)	(1.95)	(5.24)	11.70
(Loss)/earnings per share (on fully diluted basis) (cents)	(1.95)	(5.24)	11.70





CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of Versalink's Board of Directors, it is my pleasure to present to you the Annual Report and the Audited Financial Statements of the Group for the financial year ended 28 February 2025.

FINANCIAL PERFORMANCE

REVENUE

The Group's revenue increased by approximately RM2.16 million, or approximately 5.7% from approximately RM37.72 million for the financial year ended 29 February 2024 ("FY2024") to approximately RM39.88 million for the financial year ended 28 February 2025 ("FY2025") mainly due to higher revenue contribution from both the Export and Domestic segments.

The revenue contribution by the Export segment amounted to 52.8% and 66.3% of the Group's total revenue in FY2025 and FY2024 respectively whilst the revenue contribution by the domestic segment amounted to 47.2% and 33.7% of the Group's total revenue in FY2025 and FY2024 respectively.

• Export Segment

The Export segment recorded lower revenue of approximately RM21.06 million in FY2025, compared to approximately RM24.99 million in FY2024. The decrease in revenue of approximately RM3.93 million was mainly due to a decline in revenue from the Middle East, North America, Singapore, Africa, and other countries, which fell by approximately RM4.87 million from approximately RM19.08 million in FY2024 to approximately RM14.21 million in FY2025. This decrease was partially offset by an increase in revenue from Asia and Oceania (excluding Singapore and Malaysia) of approximately RM0.93 million, rising from approximately RM5.92 million in FY2024 to approximately RM6.85 million in FY2025.

• Domestic Segment

The Domestic segment recorded a higher revenue of approximately RM18.82 million in FY2025, as compared to approximately RM12.73 million in FY2024. The increase in revenue of approximately RM6.09 million was mainly contributed by (i) the increase in revenue from the Central region of Peninsular Malaysia of approximately RM7.19 million from approximately RM9.99 million in FY2024 to approximately RM17.18 million in FY2025; (ii) partially offset against the decrease in revenue from sales by dealers of approximately RM0.06 million from approximately RM0.53 million in FY2024 to approximately RM0.47 million in FY2025 and decrease in revenue from the Northern region of Peninsular Malaysia of approximately RM1.04 million from approximately RM2.21 million in FY2024 to approximately RM1.17 million in FY2025.

GROSS PROFIT

The gross profit and gross profit margin had increased from approximately RM5.31 million and 14.07% in FY2024 to approximately RM8.91 million and 22.35% in FY2025. The increase in gross profit and gross profit margin were in tandem with the increase in the Group's revenue by 5.7% and reduction in its cost of sales by 4.5% when comparing FY2025 to FY2024.

INTEREST INCOME

Interest income decreased by approximately RM0.35 million from approximately RM0.65 million in FY2024 to approximately RM0.30 million in FY2025. The reduction is due to the absence of interest received from customer of RM0.44 million and partially offset by an increase of RM0.09 million in short-term deposit interest.

REVERSAL OF ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES AND OTHER INCOME AND GAINS

Reversal of allowance for impairment of trade receivables and other income and gains decreased by RM0.49 million or approximately 27.4% from approximately RM1.79 million in FY2024 to approximately RM1.3 million in FY2025. This was mainly due to the absence of reversal of allowance for impairment on trade receivables in FY2025 (FY2024: approximately RM1.54 million), partly offset by the reversal of provision of royalty of RM0.12 million and the increase of rental income of RM0.41 million in FY2025 and reversal of impairment on plant and machinery of RM0.53 million.

MARKETING AND DISTRIBUTION EXPENSES

Marketing and distribution expenses decreased by approximately RM0.70 million or approximately 18.6% from approximately RM3.77 million in FY2024 to approximately RM3.07 million in FY2025. This was mainly due to the reduction of professional legal fees for the litigation case of RM0.50 million in FY2025.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RM1.27 million or approximately 16.19% from approximately RM7.83 million in FY2024 to approximately RM9.10 million in FY2025. This was mainly due to (i) increase in staff cost of approximately RM1.04 million; (ii) increase in professional fees of approximately RM0.18 million; (iii) increase in upkeep for the factory premises and office equipment of approximately RM0.15 million.

DEPRECIATION EXPENSES

Depreciation expenses for plant and equipment decreased from approximately RM1.61 million in FY2024 to approximately RM1.02 million in FY2025 mainly due to a reduction in depreciation due to impairment of plant and equipment of RM3.07 million in FY2024.

Depreciation expenses for right-of-use asset remained at approximately RM1.06 million in FY2025 and FY2024.

OTHER LOSSES

Other losses decreased by approximately RM2.32 million or approximately 74.84% from approximately RM3.10 million in FY2024 to approximately RM0.78 million in FY2025 mainly due to (i) the absence of impairment of plant and equipment in FY2025 (FY2024: approximately RM3.1 million); (ii) the absence of allowance for impairment on deposit written off in FY2025 (FY2024: approximately RM0.03 million); and partly offset by an increase in realised and unrealised foreign exchange loss of approximately RM0.78 million in FY2025.

FINANCE COSTS

Finance costs decreased by approximately RM0.12 million or approximately 37.5% from RM0.32 million in FY2024 to approximately RM0.20 million in FY2025 due to decrease in interest of lease liability of approximately RM0.12 million (FY2024: approximately RM0.27 million) and decrease in interest of bankers' acceptance of approximately RM0.01 million in FY2025.

INCOME TAX EXPENSES

Income tax expense comprises current income tax expense, underprovision for taxation in prior years and deferred tax adjustments. No provision for current year taxation or deferred tax adjustments was made in FY2025. In FY2024, a current tax provision of RM0.12 million was recorded and a decrease in deferred tax of RM0.32 million was recognised.

FINANCIAL RESULTS

As a result of the above, the Group reported a net loss after tax of approximately RM2.63 million in FY2025 as compared to a net loss after tax of approximately RM7.08 million in FY2024.

WORKING CAPITAL POSITION

The Group reported a positive working capital position of approximately RM14.54 million as at 28 February 2025, as compared to approximately RM17.64 million as at 29 February 2024.

LIQUIDITY

As at 28 February 2025, the Group recorded cash and cash equivalents of approximately RM6.83 million as compared to approximately RM12.94 million as at 29 February 2024.

Net cash used in operating activities for FY2025 amounted to approximately RM1.25 million. This was mainly due to (i) operating cash outflows before changes in working capital of approximately RM0.73 million; and (ii) net working capital outflows of approximately RM1.21 million mainly due to (a) the increase of inventories of approximately RM0.64 million, (b) decrease in trade and other receivables of approximately RM0.11 million, (c) increase in other non-financial assets of approximately RM0.02 million, and (d) increase in trade and other payables of approximately RM0.07 million.

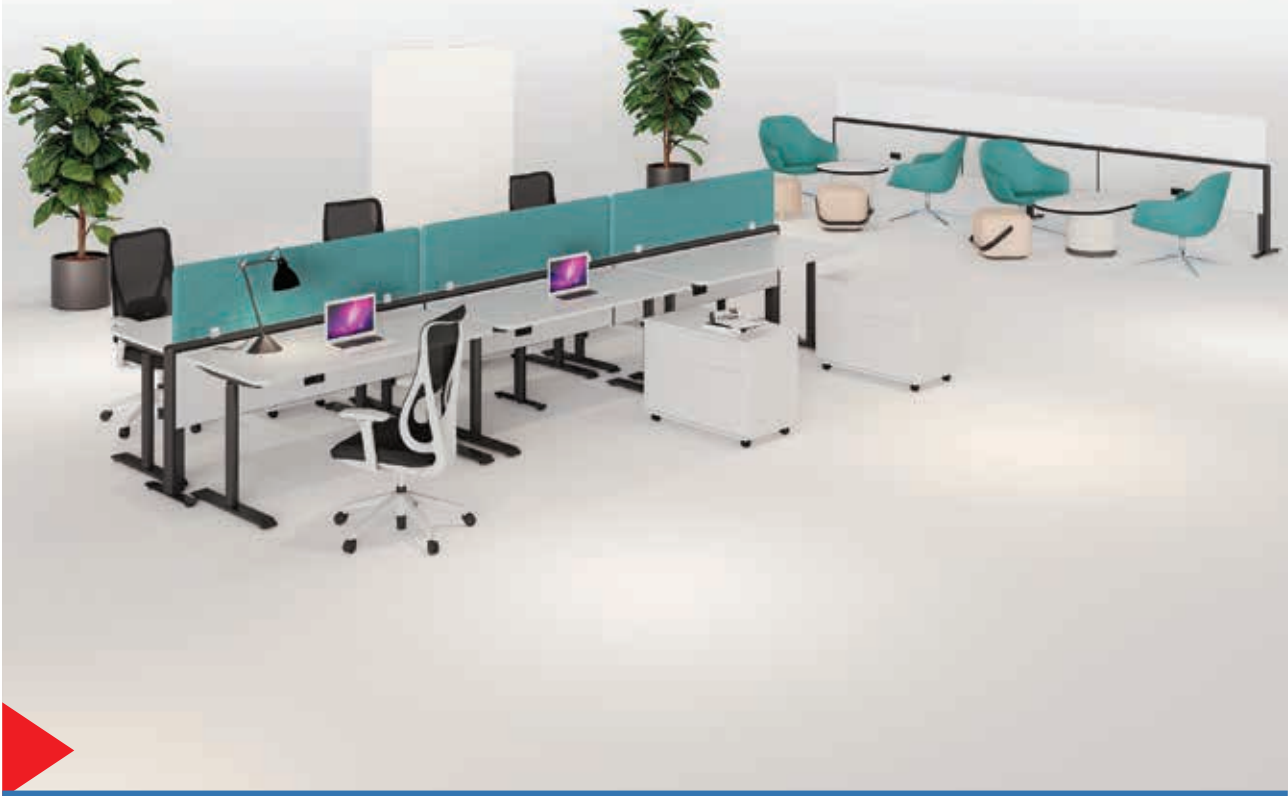
Net cash used in investing activities for FY2025 amounted to approximately RM4.21 million. This was mainly due to the placement of a fixed deposit of RM4.47 million

CHAIRMAN'S STATEMENT

SYSTEM SERIES

Sovica A

Cluster of 6 workstation



and the purchase of plant and equipment amounting to approximately RM0.10 million, partially offset by the proceeds from the disposal of plant and equipment totalling approximately RM0.05 million and interest income received of approximately RM0.30 million.

Net cash used in financing activities for FY2025 amounted to approximately RM0.65 million. This was mainly due to (i) repayment of bankers' acceptance, lease liabilities and an increase in cash restricted in use of approximately RM2.80 million; (ii) interest paid of approximately RM0.20 million; (iii) partially offset by loan from director and shareholder of the company of RM1.36million and RM1.01million respectively.

DIVIDEND STATEMENT

No dividend has been declared or recommended for FY2025 as the Group is in a loss-making position and deems it appropriate to retain cash for its operations.

FUTURE PROSPECTS

The Group continues to face headwinds in view of the current global macrotrends, including ongoing geopolitical tensions, relatively high inflation rate and the continued prevalence of hybrid work arrangements. The system furniture industry has also become increasingly competitive with rising costs and greater access to alternative products through e-commerce. This is further exacerbated by the recent tariff policies implemented by the United States of America, which has impeded the flow of trade globally, and affected various aspects of supply chains across all industries.

Notwithstanding the Group's attempts to reduce costs and to ramp up marketing efforts, consumer demand remains weak, and the Group is evaluating its options to enhance value for its shareholders. In this regard, the Group is in the midst of considering additional revenue streams that may be generated through the provision of services in support of mining operations, including but not limited to the distribution and transport of extracted minerals, and other logistical or support services that may be required for such mining operations.

CHAIRMAN'S STATEMENT



ACKNOWLEDGMENT AND APPRECIATION

On behalf of the Board, I would like to express our gratitude and appreciation to all of 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.

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 2025 and beyond.



Mr Ge Shuming
Executive Director and Chairman

CORPORATE SOCIAL RESPONSIBILITY

We recognize that for long-term sustainability, we need to look beyond 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.

As part of our continued commitment to corporate social responsibility, we remain dedicated to initiatives that deliver meaningful impact to the communities we serve. In 2025, we were honoured to support the enhancement efforts of two local government schools in Malaysia, namely, SJK(C) Tiong Hua Kok Bin located in Jalan Meru Klang, Selangor and SMJK Chung Hwa located in Shah Alam, Selangor. Both local government schools play a vital role in educating and nurturing the next generation. This year's initiative focused on improving the functionality and comfort of classroom spaces. We contributed by upgrading teachers' desks, refurbishing student classrooms with new desks, and installing comprehensive storage cabinet systems. These enhancements were designed to create a more conducive and organised learning environment – one that fosters focus, creativity, and a sense of pride among both students and educators. Through these efforts, we continue to uphold our commitment to empowering local communities, with a particular focus on supporting education and shaping a brighter, more promising future for our youth.

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) to show our commitment to environmental preservation and sustainability.

OCCUPATIONAL SAFETY AND HEALTH

Versalink's approach to managing safety and health at workplace 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 remains paramount to us.

Further information on the above will be disclosed in the Group's sustainability report for the financial year ended 28 February 2025, which will be published by the Company on the SGXNet and the Company's corporate website by 28 August 2025.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or “**Directors**”) of Versalink Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of corporate governance within the Group to promote greater transparency, to safeguard the interests of the Company’s 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 outlines the Company’s corporate governance practices that were in place during the financial year ended 28 February 2025 (“**FY2025**”), with specific references made to the principles of the Code of Governance 2018 (the “**Code**”) and the Catalist Rules.

The Company confirms that it has substantially complied with the principles and provisions as set out in the Code for FY2025. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code. The Group will continue to assess its corporate governance practices and implement changes to its practices as and when required.

A. BOARD MATTERS

The Board’s Conduct of 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 the overall corporate governance, strategic direction, formulation of policies and overseeing the investments and business of the Company and the Group.

The Board recognizes that Directors are fiduciaries who should act objectively in the best interests of the Group and hold the management team of the Company (“**Management**”) accountable for performance. The Board has put in place a code of conduct and ethics, set appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. Directors facing conflicts of interest also recuse themselves from discussions and decisions involving the issues of conflict.

Provision 1.1.

The Board understands the business of the Company and the Group, supervises the management of the Group’s affairs by Management, and is accountable to shareholders of the Company for the Management and performance of the Group’s businesses. Each Director understands their directorship duties (including their respective roles as executive, non-executive and independent directors).

Provision 1.2.

The main roles of the Board, apart from its statutory responsibilities, are to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) review Management’s performance;
- (d) identify the key stakeholder groups and recognize that their perceptions affect the Company’s reputation;
- (e) set the Company’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues in the formulation of its strategies.

CORPORATE GOVERNANCE REPORT

The Company has adopted internal guidelines on the following matters that are reserved for the Board's decision and/or approval: *Provision 1.3*

- (1) overall business strategies;
- (2) corporate governance and compliance;
- (3) financial performance and result announcements;
- (4) audited results and annual reports;
- (5) annual budgets, investment and divestment proposals;
- (6) material acquisition and disposal of assets;
- (7) internal controls and risks management;
- (8) declaration of interim dividends and proposed final dividends; and
- (9) all matters which are delegated to Board Committees, which are to be reported to and monitored by the Board.

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", each a "Board Committee"). 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 are formed with and function within clear written terms of reference setting out their compositions, authorities, operating procedures and duties, including reporting back to the Board. These terms of reference are reviewed on a regular basis. Please refer to the respective principles in this Corporate Governance Report for further information on the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities. *Provision 1.4.*

The Directors attend and actively participate in Board and Board Committee meetings, and the Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company. The number of meetings held by the Board and Board Committees in FY2025 and the respective Directors' attendance for the said meetings are as follows: *Provision 1.5.*

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee		AGM/EGM	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Mr Ge Shuming	3	3	3	3 [^]	1	1 [^]	1	1 [^]	2	2
Mr Law Kian Siong	3	2	3	3 [^]	1	1 [^]	1	1 [^]	2	2
Mr Chong Kwang Shih	3	3	3	3	1	1	1	1	2	2
Mr Xue Congyan	3	3	3	3	1	1	1	1	2	2
Ms Liu Xiaohua	3	3	3	3	1	1	1	1	2	2

[^] By invitation.

CORPORATE GOVERNANCE REPORT

The Management provides Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities. This includes the provision of board papers and related materials, background or explanatory information relating to matters to be brought before the Board and/or the Board Committee, on a timely basis prior to each Board and/or Board Committee meeting to enable the Board and/or the Board Committee to make informed decisions. The Company's Constitution permits the Directors to attend meetings through the use of audio-visual communication equipment.

Provisions 1.6.

The Directors also have separate and independent access to Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The Directors are also entitled to request additional information from Management as and when required.

Provision 1.7.

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 appointment. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company arranges for the newly appointed Director 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, so as to familiarise such person with the relevant rules and regulations governing a listed company. The Company also arranges for its Directors to attend other courses organized by other training institutions relating to areas such as accounting, legal or such other specific areas that may be required for the Directors to discharge their roles and responsibilities.

Provision 1.2.

In this regard, the Company notes that the Directors have fulfilled the training requirements under Rule 406(3)(a) of the Catalist Rules. This is having considered that:

- (i) Mr Ge Shuming has attended the Listed Entity Director Programme (Mandarin) ("LED") course on, among others, sustainability governance in September 2024, and has therefore fulfilled the training requirements under Rule 406(3)(a) of the Catalist Rules.
- (ii) Ms Liu Xiaohua has attended the LEDM course on, among others, sustainability governance in September 2023, and has also attended the Listed Entity Director ("LED") course pertaining to the Board, Risk, Audit, Nominating and Remuneration Committees in July 2024, and has therefore fulfilled the training requirements under Rule 406(3)(a) of the Catalist Rules.
- (iii) Mr Chong Kwang Shih has completed the LED course pertaining to sustainability governance in July 2024, and has therefore fulfilled the training requirements under Rule 406(3)(a) of the Catalist Rules.

The Directors are also 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 also encouraged to attend seminars and participate in training courses to enable them to perform effectively as Directors. The Company will arrange and will bear the cost of such training for the Directors.

CORPORATE GOVERNANCE REPORT

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.

Provision 1.7.

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 Law Kian Siong	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

Provision 2.1 of the Code provides that an “independent” Director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment in the best interests of the Company. The criterion for independent is further elaborated in the practice guidance accompanying the Code (the “**Practice Guidance**”) and Rule 406(3)(d) of the Catalist Rules.

Provision 2.1.

The independence of each Director is reviewed annually by the NC with reference to the criterion of independence set out in the Code, the Practice Guidance and the Catalist Rules. Each Director is also required to disclose to the Board any relationships or circumstances as and when they arise, which are likely to affect, or could appear to affect the Director’s judgment. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

For FY2025, 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, and the Directors' ability to act in the best interests of the Company. None of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules apply to the Independent Non-Executive Directors. Save for Ms Liu Xiaohua, who has an indirect 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 the date of this Annual Report, none of the other Independent Non-Executive Directors own the Company's shares. The Independent Non-Executive Directors have not been in any foreseeable situation that could compromise their independence of thought and decision. The NC has therefore 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.

As at the date of this Annual Report, the majority of the Board members are Independent Non-Executive Directors, namely Mr Chong Kwang Shih, Mr Xue Congyan and Ms Liu Xiaohua, in compliance with Provisions 2.2 and 2.3 of the Code.

Provisions 2.2 and 2.3.

The 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 groupthink and foster constructive debate. The NC and the Board have also assessed that the Board and the Board Committees are of an appropriate size, after taking into account the nature and scope of the Group's operations, as well as the requirements of the business and industry that the Group is operating in.

Provision 2.4.

The Company is committed to building a diverse, inclusive and collaborative culture. The Company recognizes the benefits of diversity on the Board, and views diversity on the Board as an essential element to attain the Group's strategic objectives and sustainable development for the Group. To foster gender diversity, the NC has recommended, and the Board has approved the appointment of Ms Liu Xiaohua as Independent Non-Executive Director with effect from 19 July 2023. In reviewing the Board's composition and the appointment of directors, the NC and the Board also take into consideration the skillsets, experience, background, gender, age, ethnicity and such other attributes of the candidate that would be relevant to the Group's business, although merit remains the key driver for such decisions. The current composition of the Board reflects the abovementioned approach, in which the Board provides the Group with a diversity of skills, experience and knowledge, including accounting, finance, investment, regulatory compliance, business and management experience as well as industry knowledge that are critical for the Group's business objectives. Key information regarding the Directors, such as academic and professional qualifications, is set out in the Annual Report under "Directors' Profile".

The Board notes that Rule 406(3)(d) of the Catalist Rules has been amended with effect from 1 January 2022 such that an independent director will not be considered independent if he or she has served on the Board for more than nine (9) years and his or her continued appointment as an independent director has not been sought and approved under a two-tier shareholders vote. In this regard, the Board confirms that none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years from the date of his or her first appointment.

CORPORATE GOVERNANCE REPORT

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 the Group's strategic goals and objectives. During FY2025, 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 provide feedback to the Board and/or Chairman when appropriate.

Provision 2.5.

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.

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 Board's conduct and ensures that the Group adheres to best corporate governance practices as prescribed by the Code. To ensure the Board's effectiveness in discharging its responsibilities, Mr Ge Shuming and Mr Chong Kwang Shih ensure that the Board holds regular meetings and that the Board receives sufficient information from Management on a timely basis. Both Directors also encourage constructive relations within the Board and between the Board and Management.

Provisions 3.1 and 3.2.

The Company does not currently have a Chief Executive Officer ("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. 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, and that major decisions are made 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 situations 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.

Provision 3.3.

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 purpose of ensuring that there is a formal and transparent process for all Board appointments. 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.

Provisions 4.1 and 4.2.

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:

Provision 4.5.

CORPORATE GOVERNANCE REPORT

- (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, assess 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 the succession plans for Directors, in particular, the Chairman, Chief Executive Officer and key management personnel;
- (e) to develop a process for the evaluation of performance of the Board, its Board Committees and Directors;
- (f) to determine how the Board's performance may be evaluated, and propose objective performance criteria;
- (g) to assess the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board;
- (h) to review training and professional development programs for the Board;
- (i) to determine, on an annual basis, if a Director is independent;
- (j) to review and recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election;
- (k) to review and determine whether the Director is able to and has been adequately carrying out his or her duties as a Director of the Company, taking into consideration the Director's number of Board representations on listed companies and other principal commitments; and
- (l) such other duties or functions as may be delegated by the Board or required by regulatory authorities.

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

Provision 4.3.

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.

Provisions 4.3 and 4.5.

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 Xue Congyan and Ms Liu Xiaohua will be retiring from office by rotation pursuant to Article 114 of the Company's Constitution. 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 Xue Congyan and Ms Liu Xiaohua to 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:

- (1) Mr Xue Congyan shall remain as the Independent Non-Executive Director of the Company, the Chairman of the NC, as well as a member of the AC and the RC; and
- (2) Ms Liu Xiaohua shall remain as the Independent Non-Executive Director of the Company, the Chairman of the RC, as well as a member of the NC and the AC.

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the Company discloses the relationships and its reasons in its annual report.

Provision 4.4.

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, including taking into consideration whether the Directors fall under any circumstances pursuant to Rule 406(3)(d) of the Catalyst Rules. The Independent Non-Executive Directors are also required to submit their confirmation of independence annually for the NC's review. The Board and the NC have reviewed the independence of its Independent Non-Executive Directors 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 after taking into account the circumstances set forth in the Code, the Practice Guidance, Rule 406(3)(d) of the Catalyst Rules and any other salient factors. The NC has also assessed that the current Independent Non-Executive Directors are independent for the purposes of Rule 704(7) of the Catalyst Rules.

As at the date of this Annual Report, there is no Independent Non-Executive Director who has served the Company for more than nine (9) years.

CORPORATE GOVERNANCE REPORT

Key information regarding the Directors is set out in pages 4 and 5 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 Committees and the Board as a whole, and for assessing the contribution by the Chairman and each individual Director.

Provision 5.1.

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 performance and effectiveness could be enhanced.

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

The evaluation of the Board is to be performed annually by having each member of the Board complete Board and individual Directors' evaluation questionnaires 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 FY2025, 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.

Provision 5.2.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the Company's three (3) 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.

Provisions 6.1 and 6.2.

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;

- (b) 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;
- (c) 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;
- (d) administer any 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;
- (e) 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
- (f) consider the disclosure requirements for Directors' and key management personnel's remuneration as required by the SGX-ST and the Code.

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, reasonable and not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Provision 6.3.

The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arise. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2025. With respect to Directors' fees, approval of shareholders is required at each AGM of the Company.

Provision 6.4.

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 key management personnel. In reviewing the remuneration packages, the RC takes into account the current market circumstances and whether the remuneration package links rewards to corporate and individual performance. The RC also considers whether the remuneration packages are aligned with the interests of shareholders and other stakeholders, and whether it promotes the long-term success of the Company. The RC also assesses whether the remuneration packages are appropriate to attract, retain and motivate the Board and key management personnel to provide good stewardship of the Company and to successfully manage the Company in the long term.

Provisions 7.1 and 7.3.

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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). He 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. Mr Ge Shuming's service agreement can be terminated if he, *inter alia*, is guilty of any dishonesty, gross misconduct, willful neglect of duty, continued material breach of the provisions of his service agreement, or if becomes bankrupt, persistently refuses to carry out any reasonable lawful order given to him in the course of their employment or persistently fails diligently to attend to his duties.

Mr Law Kian Siong is employed by the Group and 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 his period of employment for the relevant financial year is shorter than six (6) calendar months.

The Independent Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort, 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.

Provisions 7.2 and 7.3.

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 save for in exceptional circumstances such as misstatement of financial results, or 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 details of the remuneration paid to the Directors for FY2025 are as follows:

Provisions 8.1 and 8.3.

Name of Director	Salary (SGD)	Bonus (SGD)	Directors' Fees (SGD)	Allowances & Other Benefits ¹ (SGD)	Total Remuneration (SGD)
Below SGD 250,000					
Mr Ge Shuming	240,000	–	–	–	240,000
Mr Matthew Law ²	109,044	9,087	–	14,556	132,687
Mr Chong Kwang Shih	–	–	60,000	–	60,000
Mr Xue Congyan	–	–	60,000	–	60,000
Ms Liu Xiaohua	–	–	36,000	–	36,000

CORPORATE GOVERNANCE REPORT

The Company's key management personnel (who are not directors) were paid an aggregate remuneration of SGD 421,663. in FY2025, in which their respective remuneration (disclosed in bands of SGD250,000) are as follows⁴:

Name of Key Management Personnel ³	Salary (%)	Bonus (%)	Directors' Fees (%)	Allowances & Other Benefits (%)	Total Remuneration (%)
Between SGD 250,000 to SGD 500,000					
Mr Yu Liangbing ⁵	100	–	–	–	100
Below SGD 250,000					
Mr Law Kian Guan	82	7	–	11	100
Mr Len Kwai Keong	81	7	–	12	100

¹ Allowance and Other Benefits mainly relates to provision of mobile allowance and statutory contributions in connection with salary.

² As Mr Law Kian Siong's remuneration is paid in Malaysian Ringgit ("MYR"), his remuneration above is premised on the exchange rate of MYR 1: SGD 0.3029.

³ There are only three (3) employees identified as key management personnel (who are not Directors or the Chief Executive Officer) of the Group in FY2025.

⁴ As the remuneration of Mr Law Kian Guan and Mr Len Kwai Keong are paid in MYR, the aggregate remuneration of the Company's key management personnel is premised on the exchange rate of MYR 1: SGD 0.3029, where applicable.

⁵ Mr Yu Liangbing was appointed as the Company's Vice President with effect from 4 March 2024.

Mr Ge Shuming and Mr Yu Liangbing are substantial shareholders of the Company, whereas Mr Law Kian Guan is the brother of Mr Law Kian Siong, and their respective remuneration are set out in the table above. Save for the aforesaid, there is no other employee of the Company that is a substantial shareholder, or is an immediate family member of a Director, the CEO, or a substantial shareholder of the Company, whose remuneration exceeds SGD100,000 in FY2025.

Provision 8.2.

After taking into account the aforementioned reasons for non-disclosure of information as recommended by the Code, the Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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

Provision 9.1.

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 and operational compliance, information technology controls, 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.

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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 FY2025, the Board and the AC have obtained assurance from:

Provision 9.2.

- (a) the Executive Directors and other key management personnel 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
- (b) 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 reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective in addressing financial, operational, compliance and information technology risks of the Group as at 28 February 2025.

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

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises the Company's three (3) 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.

Provision 10.2.

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.

Provision 10.3.

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

*Provisions
10.1, 10.4 and
10.5.*

- (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 are taken.

CORPORATE GOVERNANCE REPORT

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:

- (1) 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;
- (2) review and report to the Board at least annually on the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management policies (in which such review can be carried out internally or with the assistance of any competent third parties);
- (3) 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;
- (4) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (5) review the internal audit program and ensure coordination between the internal and external auditors and Management;
- (6) review the scope and results of the internal audit procedures;
- (7) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (8) 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;
- (9) 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;
- (10) ensure co-ordination where more than one (1) auditing firm or corporation is involved;
- (11) 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;
- (12) review interested person transactions falling within the scope of the Catalist Rules on a half-yearly basis;
- (13) 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;

CORPORATE GOVERNANCE REPORT

- (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;
- (14) review the audited financial statements of the Company and the consolidated balance sheet and profit and loss account, before approval by the Board;
 - (15) 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;
 - (16) meet with the external and internal auditors without the presence of Management, at least annually, to discuss any problems or concerns they may have;
 - (17) ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
 - (18) review the assistance given by Management to the internal and external auditors;
 - (19) 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;
 - (20) 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;
 - (21) 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;
 - (22) investigate any matter within the AC's purview, 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;
 - (23) report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
 - (24) undertake such other reviews and projects as may be requested by the Board; and
 - (25) undertake such other functions and duties as may be required by statute or the Catalist Rules, as amended 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 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.

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For FY2025, the AC has met with the external auditors and internal auditors without the presence of Management at least once.

Foo Kon Tan LLP, an audit firm registered with the Accounting and Corporate Regulatory Authority, was appointed as the external auditors of the Company since the Company's extraordinary general meeting on 24 September 2024. Mr Raymond Kong is the audit partner-in-charge assigned to the audit of the Group for FY2025.

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 external auditors' 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 has reviewed the audit services provided by the external auditors and is satisfied that the external auditors are independent and the AC has recommended the reappointment of Foo Kon Tan LLP as the external auditors of the Company at the forthcoming AGM. There were no non-audit services rendered during FY2025. The Company is in compliance with Rules 712 and 715 of the Catalist Rules.

Details of the aggregate amount of audit and non-audit services paid or payable to the external auditors in FY2025 are disclosed in page 74 of the Annual Report.

The Company has established an internal audit function that is independent of the activities it audits. As recommended by the AC, the Company has outsourced the internal audit function to an independent corporation, PKF-CAP Risk Consulting Pte Ltd ("PKF"). 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.

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During FY2025, PKF 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 internal auditors, PKF, have 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 FY2025.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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

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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 external 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.

Provision 11.3.

All Directors were present at the AGM for FY2024 held on 27 June 2024, and the extraordinary general meeting ("**EGM**") held on 24 September 2024. Save for these two (2) meetings, there were no other general meetings of the Company held during FY2025.

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.

Provision 11.1.

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.

Provision 11.4.

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.

Provision 11.5.

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.

Provision 11.2.

The Company's previous AGM held on 27 June 2024 and the EGM held on 24 September 2024 were held in a wholly physical format, at Raffles Marina, Theatre, 10 Tuas West Drive, Singapore 638404. by way of electronic means. The upcoming AGM will also be held in a wholly physical format, at Raffles Marina, Theatre, Level 2, Raffles Marina, 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 upcoming 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:

Provision 11.6.

- (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

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- (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 would be more prudent to retain cash for its operations, and the Company will not be declaring any dividends for FY2025 (FY2024: nil).

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.

Provisions
12.1, 12.2 and
12.3.

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.

D. 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 engages 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.

Provisions
13.1, 13.2 and
13.3.

Detailed approach to the stakeholder engagement and materiality assessment will be disclosed in the Group's sustainability report for FY2025 ("SR2025"), which will be published by the Company on SGXNet by 28 August 2025, to keep stakeholders informed on the Group's business and operations. The SR2025, 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 SR2025 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.

E. COMPLIANCE WITH APPLICABLE CATALIST RULES

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 that these transactions with interested persons are conducted at arm's length and in the best interest of the Group. 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.

Pursuant to the loan agreements dated 18 June 2024 and 29 August 2024 entered into between the Company and Mr Ge Shuming (the "**Loan Agreements**"), and such other documents ancillary thereto, the following loans were provided by Mr Ge Shuming to the Company in FY2025:

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No.	Principal Amount (SGD)	Accrued Interest (SGD)	Repayment Date ¹	Security
1.	200,000	20,000 (5% per annum on the principal amount)	17 July 2026	No security provided
2.	200,000	20,000 (5% per annum on the principal amount)	28 August 2026	No security provided

¹ Repayment date for both the principal amount and the accrued interest.

There were no interested person transactions exceeding SGD 100,000 entered into by the Group in FY2025.

Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, save for the service agreement entered into with Mr Ge Shuming, the employment of Mr Law Kian Siong and the Loan Agreements, there are no other material contracts 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 FY2025 or if not then subsisting, entered into since the end of FY2024.

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 FY2025.

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

The following additional information on Mr Xue Congyan and Ms Liu Xiaohua, 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 Xue Congyan	Ms Liu Xiaohua
Date of appointment	19 July 2023	19 July 2023
Date of last re-appointment (if applicable)	27 June 2024	27 June 2024
Age	50	42
Country of principal residence	Singapore	China
The Board's comments on this re-election (including rationale, selection criteria, board diversity consideration, and the search and nomination process)	<p>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.</p> <p>Mr Xue Congyan is considered independent for the purposes of Rule 704(7) of the Catalist Rules.</p>	<p>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 his contributions, qualifications, experience and the diversity of the Board with regards to the objective of the Board Diversity Policy of the Company.</p> <p>Ms Liu Xiaohua is considered independent for the purposes of Rule 704(7) of the Catalist Rules.</p>
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director NC Chairman AC Member RC Member	Independent Non-Executive Director RC Chairman AC Member NC Member
Professional Qualifications	<p>Bachelor of Science in Computer Science from Angeles University of the Republic of Philippines</p> <p>Master of Science in International Finance (with Merit) from the University of Leeds of the United Kingdom</p> <p>Master of Science in Global Finance from the HKUST & NYU Stern School of Business</p>	<p>Bachelor of Law from the Tianjin University of Commerce</p> <p>Master of Law of the China University of Geoscience in Beijing</p> <p>Legal Professional Certificate (China)</p> <p>Fund Practising Qualification Certificate (China)</p>
Working experience and occupation(s) during the past 10 years	<p>July 2023 to present: Independent Non-Executive Director of Versalink Holdings Limited</p> <p>June 2023 to present: Non-Executive and Independent Director of Camsing Healthcare Limited</p> <p>August 2019 to present: Non-Executive and Independent Director of Zixin Group Holdings Limited</p>	<p>May 2025 to present: Director of Henan Wuxin Mining Development Co., Ltd</p> <p>July 2023 to present: Independent Non-Executive Director of Versalink Holdings Limited</p> <p>June 2023 to present: Non-Executive and Independent Director of Camsing Healthcare Limited</p> <p>June 2023 to present: Independent Director of First Capital Securities Co., Ltd.</p>

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Name of Director	Mr Xue Congyan	Ms Liu Xiaohua
	<p>September 2016 to present: Founder of Mundial Financial Group, LLC</p> <p>May 2013 to present: Founder of Beijing Gloryhope Capital (Limited Partnership)</p> <p>September 2004 to present: Director of Fres Consulting Pte. Ltd.</p>	<p>June 2022 to present: Independent Director of Zhixueyun (Beijing) Technology Co., Ltd.</p> <p>August 2022 to present: Partner of Jiaxing Honghao Zhongying Equity Investment Partnership (Limited Partnership):</p> <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>November 2022 to March 2024: Independent Director of Tracy Energy Technology Co., Ltd.</p> <p>May 2019 to October 2019: Independent Director of Northern Minerals Limited</p> <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 Management 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>

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Name of Director	Mr Xue Congyan	Ms Liu Xiaohua
Shareholding interest in the listed issuer and its subsidiaries	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	No	A shareholder of the Company, details as set out above
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
<ul style="list-style-type: none"> Past (for the last 5 years) 	<p><u>Directorship</u> Northern Minerals Limited</p> <p><u>Other Principal Commitments</u> Nil</p>	<p><u>Directorship</u> Northern Minerals Limited</p> <p><u>Other Principal Commitment</u> Nil</p>
<ul style="list-style-type: none"> Present 	<p><u>Directorships</u> 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. Fres Consulting Pte. Ltd.</p> <p><u>Other Principal Commitment</u> Nil</p>	<p><u>Directorships</u> Camsing Healthcare Limited Beijing Zhongjinggelong Investment Consultation Co., Ltd. First Capital Securities Co., Ltd. Zhixueyun (Beijing) Technology Co., Ltd. Henan Wuxin Mining Development Co., Ltd</p> <p><u>Other Principal Commitments</u> Zhuhai Yunhao Investment Center Hainan Bohao Guanghui Private Fund Management Partnership Beijing Fanghao Management Consulting Co., Ltd. Jiaxing Honghao Zhongying Equity Investment Partnership (Limited Partnership) Hainan Bohao Hongyun Venture Capital Partnership (Limited Partnership) Hainan Honghao Zhongying Venture Capital Partnership (Limited Partnership)</p>

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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Xue Congyan	Ms Liu Xiaohua
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr Xue Congyan	Ms Liu Xiaohua
<p>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</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>		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<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.



STATEMENT BY DIRECTORS AND FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

We are pleased to submit this statement to the shareholders together with the audited consolidated financial statements of Versalink Holdings Limited (the "**Company**") and its subsidiaries (together with the Company, the "**Group**") for the financial year ended 28 February 2025 ("**FY2025**").

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company and the Group, the changes in equity of the Company and the Group, and the financial performance and cash flows of the Group as at 28 February 2025 in accordance with the provisions of the Companies Act 1967 of Singapore (the "**Act**") and the Singapore Financial Reporting Standards (International); and
- (b) as of the date of this 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 has, on the date of this statement, authorised these financial statements for issue.

Name of directors

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

Ge Shuming	Executive Director and Chairman of the Board
Law Kian Siong	Executive Director
Chong Kwang Shih	Lead Independent Non-Executive Director
Xue Congyan	Independent Non-Executive Director
Liu Xiaohua	Independent Non-Executive Director

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

<u>Name of directors and company in which interests are held</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>As at 1.3.2024</u>	<u>As at 28.2.2025</u>	<u>As at 1.3.2024</u>	<u>As at 28.2.2025</u>
<u>The Company - Versalink Holdings Limited</u>	<u>Number of ordinary shares</u>			
Ge Shuming	—	—	39,208,500	39,208,500
Liu Xiaohua	—	—	6,000,000	6,000,000

The directors' interest in the ordinary shares of the Company as at 21 March 2025 were the same as those as at 28 February 2025.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

Employee share option scheme and performance share plan

Versalink Performance Share Plan ("PSP")

The Company had a performance share plan known as the Versalink Performance Share Plan that was approved pursuant to a resolution passed by shareholders on 18 August 2014. The PSP had a duration of ten (10) years commencing from the date of adoption was on 18 August 2014 and expired on 17 August 2024. The Company will consider the adoption of a new performance share plan in the future.

Versalink Employee Share Option Scheme ("ESOS")

The Company had a share option scheme known as the Versalink Employee Share Option Scheme that was approved pursuant to resolution passed by the shareholders on 18 August 2014. The ESOS had a duration of ten (10) years commencing from the date of adoption, which was on 18 August 2014 and expired on 17 August 2024. The Company will consider the adoption of a new share option scheme in the future.

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 PSP and ESOS.

Audit Committee

The members of the Audit Committee at the end of the financial year were 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 carried out its functions in accordance with Section 201B(5) of the Act. In performing those functions, the Audit Committee reviewed:

- (a) the audit plan provided by the independent auditor;
- (b) the independent auditor's evaluation of the Company's internal accounting controls in the course of their statutory audit, report on the financial statements of the Company and the Group, and assessment of the assistance given by the Company's Management for the statutory audit;
- (c) the scope and results of the internal audit procedures undertaken by the internal auditor (including those relating to risk management as well as financial, operational, and compliance controls) and the internal auditor's assessment of the assistance given by the Company's Management in the course of its internal audit;
- (d) the financial statements of the Company and the Group prior to submission to the Company's Board of Directors for adoption; and
- (e) 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.

The Audit Committee has recommended to the Board that the independent auditor, Foo Kon Tan LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

Independent auditor

At the extraordinary general meeting of the Company held on 24 September 2024, Foo Kon Tan LLP was appointed as the independent auditor of the Company.

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
LAW KIAN SIONG

.....
GE SHUMING

Dated: 13 August 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Versalink Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 28 February 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 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)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2025, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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 Group 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 period. 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 plant and equipment

As at 28 February 2025, the Group's plant and equipment amounted to RM2,997,000 as disclosed in Notes 12 to the financial statements.

The Group reported a loss before tax of RM2,630,000 (2024: loss before tax of RM7,272,000) for the financial year ended 28 February 2025. Management performed an impairment test on the plant and equipment due to the existence of impairment indicators as at the balance sheet date. The impairment test was conducted by comparing the carrying amounts of the plant and equipment to their recoverable amounts which is based on the higher of fair value less costs of disposal ("FVLCD") and value in use.

Management estimated the recoverable amounts of the plant and equipment based on FVLCD. Management engaged an external independent valuer ("Valuer") to perform the valuation of the plant and equipment and considered the reasonableness of the valuation taking into consideration the current market conditions of the plant and equipment, the recent market sales of the similar plant and equipment, the specifications, age and conditions of the plant and equipment as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

The impairment assessment resulted in a reversal of impairment loss of RM527,000 on the Group's plant and equipment for the current financial year. Due to the significant judgement involved in the estimation of the values of the plant and equipment, we have determined this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

Key Audit Matters (cont'd)

(1) Impairment of plant and equipment (cont'd)

Our responses and work performed:

We assessed the appropriateness of management's identification of the cash generating units ("CGU") through making inquiries with management and our understanding of the Group's operations and its internal management reporting process. We have considered both internal and external sources of information in determining whether the plant and equipment have any indicators of impairment as well as whether there is any indication of further impairment loss or reversal of impairment loss is required.

We evaluated management's assessment on the reversal of impairment loss by comparing the carrying values of the plant and equipment with their respective recoverable amounts determined based on the FVLCD, to determine if any further impairment loss or reversal of impairment loss is required. We have also assessed the competency and objectivity of the management expert.

We involved our auditor's expert to assist us in evaluating the valuation methodologies and assessing the appropriateness of key assumptions and inputs used, inter alia the replacement costs of similar plant and equipment currently owned by the Group adjusted for age, condition and technological obsolescence of the plant and equipment, and considered the industry situation in which the Group operates in. We evaluated the competency and objectivity of the auditor's expert and the adequacy of the work performed by the auditor's expert.

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

(2) Allowance for slow-moving inventories

As at 28 February 2025, the carrying amount of the Group's inventories was RM5,717,000 as disclosed in Notes 17, comprising mainly raw materials amounting to RM4,755,000 which included plywood, chipboards and metal frames used in the production of a wide range of system furniture under the Group's "Versalink" brand or on an Original Equipment Manufacturer ("OEM") basis. Such raw materials stored in the Group's warehouse may be susceptible to wear and tear and moisture damages.

In respect of finished goods, it may be subject to changing consumer demands due to the product design, trends, inventory and market conditions at the reporting date. Accordingly, such finished goods may not be recoverable in full if such finished goods become slow moving, or if their selling prices have declined below the carrying amounts.

There was no additional allowance for slow moving inventories recorded in the consolidated statement of comprehensive income for the current financial year. Management has utilised RM2,442,000 of the provision on inventory obsolescence made in prior years in respect of raw materials and finished goods amounting to RM1,552,000 and RM890,000, respectively and wrote off raw materials amounting to RM447,000 in the consolidated statement of comprehensive income.

Management carried out an assessment to determine if there are inventories that had to be written down to its net realisable value as at the end of the financial year. This may happen if the inventories were damaged, become obsolete, or if their selling prices have declined. In making this determination, management takes into account a combination of factors, which include the age of the inventories, historical and subsequent selling prices and committed orders of the Group's products.

The level of judgement involved in determining whether a provision for inventory obsolescence should be recognised and how it should be measured, coupled with the fact that provision movements impact earnings is one of the key judgemental areas that our audit concentrates on.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

Key Audit Matters (cont'd)

(2) Allowance for slow-moving inventories (cont'd)

Our responses and work performed:

In respect of the audit procedures performed on the valuation of inventories, we have performed specific audit procedures to address the risk:

- (a) Tested the reliability of the inventory ageing report which management uses as a basis to identify inventories with net realisable value issues on a sample basis and assessed whether there were any significant build up of aged inventories.
- (b) Attended and observed management's physical stock count process, including identification of damaged inventories and
- (c) Held discussions with management to understand management's assessment on the allowance percentage applied on its inventories as well as the basis for the estimated net realisable value of inventories and evaluated the reasonableness of management's assessment against historical selling prices, actual subsequent sales or committed sales orders, as appropriate, on a sample basis.

(3) Impairment of trade and other receivables

Trade and other receivables totalled RM4,193,000, net of allowance for expected credit losses ("ECL") of RM209,000 as disclosed in Note 18 to the financial statements as at 28 February 2025. There was no additional impairment loss recognised on trade and other receivables in the consolidated statement of comprehensive income during the current financial year.

The recoverability of trade and other receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management determines impairment of trade and other receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, management provides lifetime expected credited losses using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed based on days past due by grouping customers based on the customer profiles, adjusted for current and forward-looking information.

This area is a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to the assumptions used in the expected credit loss model such as forward-looking macroeconomic factors.

Our responses and work performed:

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

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

(4) Impairment of cost of investment in subsidiaries

The carrying amount of the Company's investment in JJ and VM (collectively known as "Office Furniture Business") is RM22,270,000 as at the balance sheet date.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

Key Audit Matters (cont'd)

(4) Impairment of cost of investment in subsidiaries (cont'd)

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 assets. 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 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 the carrying amount. Consequently, management recorded an impairment loss of RM2,252,000 in the current financial year.

In estimating the FVLCD, management engaged external independent valuer ("Valuer") to perform the valuations of the subsidiaries 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 the Valuer.

Our responses and work performed:

We assessed the appropriateness of management's identification of the cash generating unit ("CGU") through making inquiries with management and our understanding of the Group's operations and its internal management reporting process. We considered both internal and external sources of information to determine if the CGU has any indicators of impairment as well as whether there is any indication that the impairment loss recognised on the CGU in prior years may no longer exist or may have decreased.

We evaluated management's assessment of impairment by comparing the carrying amount of the investment with the recoverable amount determined based on FVLCD, to determine if any impairment loss or reversal of impairment loss is required. We have assessed the competency and objectivity of the management expert.

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 evaluated the competency and objectivity of the auditor's expert and the adequacy of the disclosures made in the financial statements.

(5) Provision for litigation

In 2022, a customer commenced legal proceedings against a subsidiary of the Group for breach of 3 contracts. The customer has claimed for damages in the sum of RM1,680,000.

In 2023, the Court had directed the 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, management was of the opinion that it was probable that an outflow of resources will be required to fulfil the claim made by the customer. Consequently, the management recorded a provision amounting to RM1,680,000 as at 29 February 2024.

On 27 March 2025, the High Court granted the customer's application to amend its Writ and resubmit the statement of claim. The customer's claim against a subsidiary of the Group was increased from RM1,680,000 to RM2,700,000, inclusive of interest and costs. Management sought legal and expert advices from its legal counsel and appointed expert witness, concluded that a reliable estimate cannot be made of the amount of the obligation as at the balance sheet date and up to the date of this audit report on the basis that they have not received any supporting documents from the customer's appointed lawyers on the additional claims made. Accordingly, no additional provision has been recorded.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

Key Audit Matters (cont'd)

(5) Provision for litigation (cont'd)

Such risks relating to litigation, claims and other contingencies (collectively, the “contingencies”) could have a material financial impact if the exposures were to materialise. The determination by management of whether, and how much, to provide and/or disclose for such contingencies is also highly judgemental.

Our responses and work performed:

We assessed the Group's process for identifying significant adverse developments arising from contingencies and supervising the legal and regulatory developments. We evaluated management's assessment of the likely outcomes and potential exposures arising from the significant contingencies and considered the requirements for any provisions and related disclosures. Our work included the following:

- (a) Held discussions with management, the Group's legal counsel and the Audit Committee and reviewing relevant documents and correspondences with the customer's appointed legal counsel;
- (b) Assessed the progress of the contingencies, including reviewing the Company's public announcements;
- (c) Considered any evidence of legal disputes which we were made aware;
- (d) Obtained independent legal confirmation letters from the Company's external lawyers;
- (e) Inquired with the Company's external legal counsel, together with the management's appointed expert witness, to understand the scope, approach and status of the legal proceedings; and
- (f) Assessed the adequacy of the disclosures in the financial statements in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors 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, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERSALINK HOLDINGS LIMITED

Other matter

The financial statements for the year ended 29 February 2024 were audited by another firm of auditors whose report dated 12 June 2024 expressed an unmodified opinion on those financial statements.

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 companies 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 Kong Chih Hsiang, Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
13 August 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	Note	2025 RM'000	2024 RM'000
Revenue	5	39,878	37,724
Cost of sales		(30,965)	(32,415)
Gross profit		8,913	5,309
Interest income		303	648
Reversal of allowance for impairment of trade receivables	18	–	1,541
Other income and gains	6	1,303	249
Marketing and distribution expenses	7	(3,066)	(3,767)
Administrative expenses	7	(9,095)	(7,828)
Other losses	6	(784)	(3,098)
Finance costs	8	(204)	(326)
Loss before income tax		(2,630)	(7,272)
Income tax credit	10	2	196
Net loss and total comprehensive loss for the financial year		(2,628)	(7,076)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		12	(37)
Other comprehensive income/(loss) for the year, net of tax		12	(37)
Total comprehensive loss		(2,616)	(7,113)
Loss, net of tax attributable to owners of the company		(2,628)	(7,076)
Loss, net of tax		(2,628)	(7,076)
Total comprehensive loss for the year attributable to owners of the company		(2,628)	(7,076)
Total comprehensive loss for the year		(2,628)	(7,076)
Loss per share (Sen Ringgit Malaysian)			
Basic and diluted	11	(1.95)	(5.24)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Non-Current Assets					
Plant and equipment	12	2,997	3,436	–	–
Right-of-use assets	13	796	1,857	–	–
Intangible assets	14	–	–	–	–
Investment in subsidiaries	15	–	–	22,270	24,522
Investment in associate	16	–	–	–	–
Total non-current assets		3,793	5,293	22,270	24,522
Current Assets					
Inventories	17	5,717	5,525	–	–
Trade and other receivables	18	4,193	4,301	10,765	10,777
Other non-financial assets	19	1,989	1,968	44	37
Cash and bank balances	20	15,433	16,880	186	439
Total current assets		27,332	28,674	10,995	11,253
Total assets		31,125	33,967	33,265	35,775
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	36,435	36,435	36,435	36,435
Accumulated losses		(18,205)	(15,577)	(7,366)	(1,491)
Foreign currency translation reserve		(17)	(29)	–	–
Total equity		18,213	20,829	29,069	34,944
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	10	82	82	–	–
Lease liabilities	22	39	2,024	–	–
Total non-current liabilities		121	2,106	–	–
Current Liabilities					
Income tax payables		–	40	–	–
Trade and other payables	23	6,353	6,292	1,830	831
Other financial liabilities	24	2,773	492	2,366	–
Lease liabilities	22	1,985	2,528	–	–
Provisions	25	1,680	1,680	–	–
Total current liabilities		12,791	11,032	4,196	831
Total liabilities		12,912	13,138	4,196	831
Total equity and liabilities		31,125	33,967	33,265	35,775

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

The Group	Share capital RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 March 2023	36,435	8	(8,501)	27,942
Total comprehensive loss for the year	–	(37)	(7,076)	(7,113)
At 29 February 2024	36,435	(29)	(15,577)	20,829
Total comprehensive loss for the year	–	12	(2,628)	(2,616)
At 28 February 2025	36,435	(17)	(18,205)	18,213

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

	Note	Year ended 28 February 2025 RM'000	Year ended 29 February 2024 RM'000
Cash Flows from Operating Activities			
Loss before taxation		(2,630)	(7,272)
Adjustments for:			
(Reversal)/allowance for impairment on plant and equipment	12	(527)	3,065
Depreciation of plant and equipment	12	1,015	1,607
Depreciation of right-of-use assets	13	1,061	1,062
Gain on disposal of plant and equipment	6	(1)	(36)
Gain on disposal of subsidiaries	6	–	(6)
Inventories written off	17	447	–
Interest income		(303)	(648)
Interest expense	8	204	326
Operating loss before working capital changes		(734)	(1,902)
Changes in inventories		(639)	3,097
Changes in trade and other receivables		108	190
Changes in other non-financial assets		(21)	1,034
Changes in trade and other payables		73	(288)
Cash (used in)/generated from operations		(1,213)	2,131
Income tax paid		(38)	(92)
Net cash (used in)/generated from operating activities		(1,251)	2,039
Cash Flows from Investing Activities			
Purchase of plant and equipment	12	(102)	(61)
Proceeds from disposal of plant and equipment		54	90
Placement of fixed deposits		(4,465)	–
Disposal of subsidiaries, net of cash disposed	15	–	(3)
Interest received		303	648
Net cash (used in)/generated from investing activities		(4,210)	674
Cash Flows from Financing Activities			
Increase in cash restricted in use		(199)	(2,945)
Repayment of borrowings	Note A	(85)	(432)
Dividend paid		–	(8,083)
Repayment of lease liabilities	Note A	(2,528)	(2,407)
Loan from a shareholder	Note A	1,007	–
Loan from a director	Note A	1,359	–
Interest paid	Note A	(204)	(326)
Net cash used in financing activities		(650)	(14,193)
Net decrease in cash and cash equivalents		(6,111)	(11,480)
Cash and cash equivalents at beginning of year		12,941	24,421
Cash and cash equivalents at end of year	20	6,830	12,941

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

Note A:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RM'000 (Note 22)	Other financial liabilities RM'000 (Note 24)	Loan from a shareholder RM'000 (Note 24)	Loan from a director RM'000 (Note 24)	Cash pledged for bank facilities RM'000 (Note 20)	Total RM'000
At 1 March 2023	6,959	924	–	–	994	8,877
<u>Cash flows:</u>						
Repayment of borrowings	–	(432)	–	–	–	(432)
Repayment of lease liabilities	(2,407)	–	–	–	–	(2,407)
Interest paid	(267)	(59)	–	–	–	(326)
Interest received	–	–	–	–	80	80
Additional cash pledged	–	–	–	–	2,865	2,865
	(2,674)	(491)	–	–	2,945	(220)
<u>Non-cash flows:</u>						
Interest expense (Note 8)	267	59	–	–	–	326
	267	59	–	–	–	326
At 29 February 2024	4,552	492	–	–	3,939	8,983
<u>Cash flows:</u>						
Repayment of borrowings	–	(85)	–	–	–	(85)
Repayment of lease liabilities	(2,528)	–	–	–	–	(2,528)
Interest paid	(150)	(54)	–	–	–	(204)
Loan from a shareholder	–	–	1,007	–	–	1,007
Loan from a director	–	–	–	1,359	–	1,359
Interest received	–	–	–	–	199	199
	(2,678)	(139)	1,007	1,359	199	(252)
<u>Non-cash flows:</u>						
Interest expense (Note 8)	150	54	–	–	–	204
	150	54	–	–	–	204
At 28 February 2025	2,024	407	1,007	1,359	4,138	8,935

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

1 General information

The financial statements of the Group and the Company for the year ended 28 February 2025 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

The Company is incorporated in Singapore with limited liability. The Company is listed on the Catalist Board in the 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 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 principal place of business is Lot 6119, Jalan Haji Salleh, Batu 5 1/2 Off Jalan Meru 41050 Klang Selangor, Malaysia.

2 Basis of preparation

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

Basis of preparation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied throughout the financial years, unless otherwise stated.

3.1 Standards issued and effective that are applicable to the Group

The Group and the Company have adopted all new and revised SFRS(I) and amendments to SFRS(I), effective for the current financial year that are relevant to them.

- Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 *Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 16 *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7 *Supplier Finance Arrangements*

The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

3.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I) and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7	<i>Classification and Measurement of Financial Instruments</i>	1 January 2027
SFRS(I)18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2028
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2028
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

3.3 Revenue and income recognition

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.3 Revenue and income recognition (cont'd)

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.

3.4 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.

3.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

3.6 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.7 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 gain 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.

3.8 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.

3.9 Income taxes

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 year. 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 any deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.10 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:

Furniture and fittings	–	10% to 20%
Motor vehicles	–	20%
Plant and machinery	–	10% to 20%

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.

3.11 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The annual rate of depreciation is 33%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.11 Leases (cont'd)

(a) When the Group is the lessee: (cont'd)

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease liability is measured at amortised cost using the effective interest method. Lease liability is remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor:

The Group leases its land and building under operating leases to non-related parties.

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognises lease income from the sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.12 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.

3.13 Investment in 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 Company'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.

3.14 Investment in associate

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any instruments from that date.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.14 Investment in associate (cont'd)

(ii) *Equity method of accounting (cont'd)*

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

3.16 Impairment of non-financial assets

Plant and equipment, right-of-use assets, intangible assets and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill 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 amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation and depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.17 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 includes four categories of financial assets and two categories for liabilities. At the end of the reporting year, the reporting entity had the following categories of 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.

3.18 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

3.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.20 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

3.21 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.

3.22 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 (e.g. 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 (i.e. as prices) or indirectly (i.e. 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 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.

3.23 Segment Reporting

The Group 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 for operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.24 Related Party relationships and transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.25 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company. Directors and certain senior managerial personnel are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

3 Material accounting policy information (cont'd)

3.26 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements, except for contingent liability assumed in a business combination that is a present obligation and for which fair value can be reliably determined.

3.27 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities. Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

4 Critical accounting estimates, assumptions and judgements

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.

4.1 Assessing the carrying amounts of 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 plant and equipment and right-of-use assets at the end of the reporting year affected by the assumption is RM2,997,000 and RM796,000, respectively (2024 – RM3,436,000 and RM1,857,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

4 Critical accounting estimates, assumptions and judgements (cont'd)

4.2 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.

4.3 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.

4.4 Assessing the impairment loss on subsidiary:

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 investment in subsidiaries at the end of the reporting date affected by the assumption is RM22,270,000 (2024 – RM24,522,000).

4.5 Assessing the provision for litigation

The assessment of the provision for litigation involves a degree of estimation and judgment. The level of the provision is determined based on legal advice obtained from the appointed external counsel. Changes in these estimates may result in revisions to the recorded amount of the litigation provision. The carrying amount of the provision as at the end of the reporting year is disclosed in Note 25 – Provisions.

5 Revenue

	2025 RM'000	2024 RM'000
The Group		
Sale of goods, at a point in time	39,878	37,724

The customers are mainly retailers and corporate customers. Also see Note 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

6 Other income and gains and other losses

The Group	2025 RM'000	2024 RM'000
Reversal/(allowance) for impairment on plant and equipment (Note 12)	527	(3,065)
Deposit written off	–	(28)
Writeback of provision for royalty and commission	120	–
Foreign exchange adjustment loss	(784)	(5)
Gain on disposal of plant and equipment	1	36
Gain on disposal of subsidiaries	–	6
Insurance claims ^(a)	–	6
Rental income	413	–
Sundry income	242	201
	519	(2,849)
<u>Represented by:</u>		
Other income and gains	1,303	249
Other losses	(784)	(3,098)
	519	(2,849)

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

7 Marketing and distribution expenses and administrative expenses

The major components include the following:

The Group	2025 RM'000	2024 RM'000
<u>Marketing and distribution expenses</u>		
Advertisement and promotions	242	233
Depreciation of plant and equipment	33	34
Employee benefits expense (Note 9)	1,540	1,756
Insurance expense	85	77
Logistics expense	409	517
Professional fees	2	500
Sales commission	150	104
Repairs and maintenance	48	48
	2025	2024
<u>The Group</u>	RM'000	RM'000
<u>Administrative expenses</u>		
Depreciation of plant and equipment	49	121
Depreciation of right-of-use assets	1,061	1,062
Employee benefits expense (Note 9)	5,012	3,975
Professional fees	1,059	872
Recruitment expense	283	317
Repairs and maintenance	443	290
<u>Audit fees to:</u>		
– Auditor of the Company	307	319
– Other auditors – network firms	85	–
– Other auditors – non-network firms	–	90
<u>Non-audit related service fees:</u>		
– Auditor of the Company	–	92

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

8 Finance costs

The Group	2025 RM'000	2024 RM'000
Interest expense	54	59
Interest on lease liabilities	150	267
	204	326

9 Employee compensation

The Group	2025 RM'000	2024 RM'000
Short term employee benefits expense	11,140	10,422
Employer's contribution to defined contribution plan	604	632
Other benefits	395	381
	12,139	11,435

The employee benefits expense is charged as follows:

Cost of sales	5,587	5,704
Marketing and distribution expenses (Note 7)	1,540	1,756
Administrative expenses (Note 7)	5,012	3,975
	12,139	11,435

10 Income tax expense

(a) Components of income tax expense recognised in profit or loss include:

The Group	2025 RM'000	2024 RM'000
Tax expense attributable to loss is made up of:		
Current income tax		
– current year	–	106
– (over)/under provision in prior years	(2)	16
	(2)	122
Deferred taxation		
– current year	–	(262)
– over provision in prior years	–	(56)
	–	(318)
Income tax credit	(2)	(196)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the standard rates of income tax as follows:

The Group	2025 RM'000	2024 RM'000
Loss before income tax	(2,630)	(7,272)
Tax calculated at Malaysia statutory tax rate of 24%	(631)	(1,745)
Effect of:		
– Different tax rate in different country and change in tax rate	256	774
– Expenses not deductible for tax purposes	747	815
– Income not subject to tax	(151)	–
– Utilisation of deferred tax assets previously not recognised	(221)	–
– Over provision in prior year	(2)	(40)
Tax credit	(2)	(196)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

10 Income tax expense (cont'd)

- (a) Components of income tax expense recognised in profit or loss include: (cont'd)

Income not subject to tax relates to the reversal of impairment loss on plant and equipment during the current financial year. The tax effect of major expenses not deductible for tax purposes include the following:

The Group	2025 RM'000	2024 RM'000
Allowance for impairment on plant and equipment	–	736
Depreciation of non-qualifying plant and equipment	1	5
Inventories written off	107	–
Professional services	23	59
Other non-deductible expenses incurred by the Company*	616	15

* These relate to professional fees and directors' remuneration incurred by the Company which are not deductible for Singapore income tax purposes as they are not incurred wholly and exclusively in the production of taxable income.

- (b) Deferred tax expense recognised in profit or loss include:

The Group	2025 RM'000	2024 RM'000
Excess of net book value on plant and equipment over tax values	–	(349)
Provisions	–	463
Tax losses carry forwards	–	58
Unrecognised deferred tax recognised this year	–	(490)
Total deferred tax expense recognised in profit or loss	–	(318)

- (c) Deferred tax balance in the statements of financial position

The Group	2025 RM'000	2024 RM'000
<u>Deferred tax liabilities recognised in profit or loss:</u>		
Excess of net book value on plant and equipment over tax values	1,028	1,028
Provisions	(1,269)	(1,269)
Tax losses carry forwards	(834)	(1,755)
Deferred tax assets	1,157	2,078
Net	82	82

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 RM6,392,000 (2024 – RM7,313,000) as at 28 February 2025. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

11 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing net loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2025	2024
The Group		
Net loss attributable to owners of the Company (RM'000)	(2,628)	(7,076)
Weighted average number of ordinary shares in issue ('000)	135,000	135,000
Basic loss per share (in RM sen)	(1.95)	(5.24)

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

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

12 Plant and equipment

The Group	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Total RM'000
Cost				
At 1 March 2023	6,277	910	22,378	29,565
Additions	26	–	35	61
Disposals	–	(217)	(350)	(567)
Write-offs	(11)	–	(13)	(24)
At 29 February 2024	6,292	693	22,050	29,035
Additions	53	–	49	102
Disposals	(11)	–	(2,439)	(2,450)
Write-offs	(3)	–	(3,360)	(3,363)
At 28 February 2025	6,331	693	16,300	23,324
Accumulated depreciation				
At 1 March 2023	5,501	775	15,188	21,464
Impairment loss	478	–	2,587	3,065
Depreciation for the year	191	33	1,383	1,607
Disposal	–	(217)	(296)	(513)
Write-offs	(11)	–	(13)	(24)
At 29 February 2024	6,159	591	18,849	25,599
Reversal of impairment loss	–	–	(527)	(527)
Depreciation for the year	52	33	930	1,015
Disposal	(11)	–	(2,386)	(2,397)
Write-offs	(3)	–	(3,360)	(3,363)
At 28 February 2025	6,197	624	13,506	20,327
Carrying amount				
At 28 February 2025	134	69	2,794	2,997
At 29 February 2024	133	102	3,201	3,436

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

12 Plant and equipment (cont'd)

Certain items at a carrying value of RM69,000 (2024 – RM102,000) are under lease liabilities agreements (See Note 22). Allocation of the depreciation expense:

The Group	2025 RM'000	2024 RM'000
Cost of sales	933	1,452
Marketing and distribution expenses	33	34
Administrative expenses	49	121
	1,015	1,607

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

The Group	2025 RM'000	2024 RM'000
Furniture and fittings	5,429	4,514
Plant and machinery	4,881	8,647
Motor vehicles	531	531
	10,841	13,692

(b) (Reversal)/impairment losses:

In FY2025, a reversal of impairment loss of RM527,000 was recognised due to an increase in recoverable amount of the plant and equipment arising from changes in market value.

In FY2024, 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 impairment test was conducted by comparing the carrying amounts of the plant and equipment to their recoverable amounts which is based on the higher of FVLCD and value in use. Management estimated the recoverable amounts of the plant and equipment based on FVLCD.

The FVLCD was based on a valuation made by a firm of independent professional valuer based on depreciated replacement cost method and cost comparison approach. The valuation took into consideration the cost of replacement, age, services and obsolescence, condition of maintenance, intensity of use, state of repair, future economic working life, and local market conditions. The fair value measurement is categorised within the fair value hierarchy at Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

13 Right-of-use assets

	Land and buildings RM'000
The Group	
Cost	
At 1 March 2023, 29 February 2024 and 28 February 2025	3,184
Accumulated depreciation	
At 1 March 2023	265
Depreciation for the year	1,062
At 29 February 2024	1,327
Depreciation for the year	1,061
At 28 February 2025	2,388
Carrying amount	
At 28 February 2025	796
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 the land and buildings.

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

For the underlying assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required annually. Impairment loss allowance is provided if it is determined that the right-of-use asset is impaired. The estimated useful life of the assets is 1 (2024 – 2) years.

14 Intangible asset

	Development cost RM'000
The Group	
Cost	
At 1 March 2023, 29 February 2024 and 28 February 2025	910
Accumulated amortisation and impairment losses	
At 1 March 2023, 29 February 2024 and 28 February 2025	910
Carrying amount	
At 1 March 2023, 29 February 2024 and 28 February 2025	–

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 the Italian Architectural Firm with the brand name of AD MAIORA was considered sufficient to trigger the impairment test. The amount had been fully impaired since the reporting year ended 28 February 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

15 Investment in subsidiaries

The Company	2025 RM'000	2024 RM'000
<u>At cost:</u>		
Balance at beginning of the year	44,138	44,415
Disposal	–	(277)
	44,138	44,138
Allowance for impairment	(21,868)	(19,616)
Balance at end of the year	22,270	24,522
Movements in allowance for impairment:		
Balance at beginning of the year	(19,616)	(17,790)
Allowance of impairment	(2,252)	(1,826)
Balance at end of the year	(21,868)	(19,616)

Impairment assessment

Management 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 assets. 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:

The Company	2025	2024
Valuation technique: Fair value less costs of disposal method		
The quantitative information about fair value measurements using significant unobservable inputs (Level 3):		
Revenue multiple	0.5 times	0.6 times
Discount for lack of marketability	20%	20%
Control premium	20%	25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

15 Investment in subsidiaries (cont'd)

Impairment assessment (cont'd)

The Company's subsidiaries at the reporting date are as follows:

Name of subsidiaries	Place of incorporation/ principal place of business	Principal activities	Cost of investment		Effective interest equity held by the Company	
			2025 RM'000	2024 RM'000	2025 %	2024 %
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 (S) Pte. Ltd. ^{(b)(c)}	Singapore	Dormant	–	–	100	100
Kaiyuan Holdings Limited ^{(c)(d)}	Virgin Islands, British	Dormant	–	–	100	100
Held through Kaiyuan Holdings Limited:						
Kaiyuan (SG) Investment Private Limited ^{(b)(c)}	Singapore	Dormant	–	–	100	100
			44,138	44,138		

^(a) Audited by HLB Ler Lum Chew PLT, Malaysia, a member firm of HLB International.

^(b) Audited by Foo Kon Tan LLP, a member of HLB International.

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

^(d) No audit required.

As required by Rule 716 of the Catalist Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

16 Investment in associate

	2024 RM'000
The Group	
At cost:	
Balance at beginning of the year	270
Disposal	(270)
Balance at end of the year	–
Accumulated impairment losses:	
Balance at beginning of the year	270
Disposal	(270)
Balance at end of the year	–
Net carrying value:	
Balance at end of the year	–
Share of net assets of associate	–
Name of Associate, country of incorporation, place of operations and principal activities	Effective percentage of equity held by Group 2024 %
Alca Vstyle Sdn. Bhd. Malaysia ("AVSB")	
Trading in all kinds of high-pressure laminate and related products	Nil

On 10 May 2023, the Group entered into a share sale agreement to dispose of all its shares in AVSB for a cash consideration of RM1 to an existing shareholder of AVSB.

17 Inventories

	2025 RM'000	2024 RM'000
The Group		
At cost:		
Work-in-progress	235	73
At net realisable value:		
Raw materials	4,755	5,157
Finished goods	727	295
	5,717	5,525

Inventories are stated after allowance. Movements in allowance:

Balance at beginning of year	4,354	2,934
Utilisation of allowance during the year	(2,442)	–
Charged to profit or loss	–	1,420
Balance at end of year	1,912	4,354

The write-down of inventories charged to profit or loss included in cost of sales

Inventories written off	447	–
Changes in inventories of finished goods and work-in-progress – (increase)/decrease	(594)	1,962
The amount of inventories included in cost of sales	18,764	18,541
Other direct overhead costs included in cost of sales	5,681	6,745

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

18 Trade and other receivables

	The Group 2025 RM'000	2024 RM'000	The Company 2025 RM'000	2024 RM'000
<u>Trade receivables:</u>				
Outside parties	3,402	3,543	–	–
Less: Allowance for impairment:				
– collectively impaired	(209)	(242)	–	–
Subsidiaries	–	–	5,410	5,410
	3,193	3,301	5,410	5,410
<u>Other receivables:</u>				
Subsidiaries	–	–	5,355	5,367
Outside party ^(a)	1,000	1,000	–	–
	1,000	1,000	5,355	5,367
	4,193	4,301	10,765	10,777

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

The movement of loss allowance provision during the year is as follows:

	The Group 2025 RM'000	2024 RM'000	The Company 2025 RM'000	2024 RM'000
Balance at beginning of year	242	1,921	–	156
Allowance for impairment on trade receivables:				
– collectively reversed	–	(223)	–	–
– individually reversed	–	(1,318)	–	–
Allowance utilised	(33)	(138)	–	(156)
Balance at end of year	209	242	–	–

The Group and the Company does not hold any collateral on the trade and other receivables, accordingly, 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 concentrated with a few counterparties 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:

- 70% (2024 – 57%) of the group's trade receivables from Malaysia.
- 30% (2024 – 43%) 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 (2024 – 30 to 90 days). Certain customers have taken a longer period to settle the amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

18 Trade and other receivables (cont'd)

Ageing analysis of the age of trade receivables that are past due as at the end of the reporting year but not impaired:

	The Group		The Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Trade receivables:				
Less than 3 months	3,027	3,256	–	–
3 to 6 months	116	20	–	–
Over 6 months	50	25	5,410	5,410
	3,193	3,301	5,410	5,410

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 receivables 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 each 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:

The Group	Gross amount ^(a)		Expected loss rate		Loss allowance	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	%	%	RM'000	RM'000
Trade receivables:						
1 to 30 days past due	2,448	2,280	–	–	–	–
31 to 60 days past due	510	767	–	–	–	–
61 to 90 days past due	68	190	–	–	–	–
91 to 120 days past due	50	19	–	–	–	–
121 to 150 days past due	6	20	–	–	–	–
151 days to 1 year past due	81	186	–	87	–	161
Over 1 year past due	239	81	87	100	209	81
	3,402	3,543			209	242

^(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:

The Group	2025	2024
	RM'000	RM'000
Top 1 customer	940	1,015
Top 2 customers	1,290	1,705
Top 3 customers	1,558	2,071

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

18 Trade and other receivables (cont'd)

Other receivables

The Group provides ECL on other receivables using the 3-stage ECL approach. In determining ECL for other receivables, management derives the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, including cash flows from the sale of collateral and considers events such as significant adverse changes in financial conditions of the debtors and determined that significant increase in credit risk occur when there are changes in the risk that the specific debtor will default on the payments.

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

19 Other non-financial assets

	The Group		The Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Advance payments on purchases of inventories	97	178	–	–
Other receivables	5	–	–	–
Deposits to secure services	868	879	–	–
Prepayments	850	844	44	37
Tax recoverable	169	67	–	–
	1,989	1,968	44	37

20 Cash and bank balances

	The Group		The Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Not restricted in use	11,295	12,941	186	439
Restricted in use	4,138	3,939	–	–
	15,433	16,880	186	439
Interest earning balances	8,603	3,939	–	–

The rates of interest for the cash on interest earning balances is ranged between 1.85% to 2.70% per annum (2024 – 2.00% to 2.70%), and for a tenor of one to twelve months (2024 – one to twelve months).

Cash and cash equivalents in the consolidated statement of cash flows:

The Group	2025	2024
	RM'000	RM'000
Amount as shown above	15,433	16,880
Cash pledged for bank facilities	(4,138)	(3,939)
Fixed deposits	(4,465)	–
	6,830	12,941

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

21 Share capital

The Company	2025 No. of ordinary shares \$'000	2024 \$'000	2025 RM'000	2024 RM'000
Issued and fully paid with no par value				
Balance at beginning and at end of year	135,000	135,000	36,435	36,435

The ordinary shares have no par value and 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 a 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 that it will continue to satisfy that requirement, as it did throughout the reporting year.

Management receives a report from the share registrar on a regular basis 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: (a) to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for owners and benefits for other stakeholders, and (b) to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risks taken.

There were no changes in the approach to capital management during the financial year. The Company 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, management may adjust the amounts 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 and the Company does not have any external bank borrowings. Accordingly, the debt-to-capital ratio therefore does not provide a meaningful indicator of the risk from borrowings.

22 Lease liabilities

The Group	2025 RM'000	2024 RM'000
Current	1,985	2,528
Non-current	39	2,024
	2,024	4,552

A summary of the maturity analysis of lease liabilities is disclosed in Note 28(e). Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 13.

Leases for right-to-use assets:

The Group has leases relating to the land and building and motor vehicles.

Other information about the leasing activities is 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 land and building for a further term of 3 years. As at the balance sheet date, management did not proceed with this extension.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

22 Lease liabilities (cont'd)

Leases for right-to-use assets: (cont'd)

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% (2024 – 4.83% and 5.66%) per year.

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

23 Trade and other payables

	The Group 2025 RM'000	2024 RM'000	The Company 2025 RM'000	2024 RM'000
<u>Trade payables</u>				
Outside parties	2,308	3,272	–	–
<u>Other payables</u>				
Advance from customers	914	603	–	–
Accrual for salaries	2,079	1,247	1,388	459
Accrual for other operating expenses	715	928	442	372
Outside parties	337	242	–	–
	4,045	3,020	1,830	831
	6,353	6,292	1,830	831

24 Other financial liabilities

	The Group 2025 RM'000	2024 RM'000	The Company 2025 RM'000	2024 RM'000
Bankers' acceptance (secured)	407	492	–	–
Loan from a director	1,359	–	1,359	–
Loan from a shareholder	1,007	–	1,007	–
	2,773	492	2,366	–

The bankers' acceptances bear floating interest rates of 3.9% to 4.08% (2024 – 3.75% to 4.02%) and are secured by joint and personal guarantee by two (2) directors of a subsidiary and pledged of fixed deposits held by a financial institution (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).

Loans from a director and another shareholder are non-trade in nature, unsecured, bear interest at 5.00% per annum, and are repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

25 Provisions

The Group	2025 RM'000	2024 RM'000
Litigation (Note 1)	1,680	1,680
Movements in above provision:		
At beginning and end of the year	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.

Note 1:

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 financial year ended 28 February 2022, 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, management was of the opinion that it was probable that an outflow of resources would be required to fulfil the claim made by the customer. Consequently, management made an additional provision of RM840,000 during the financial year ended 28 February 2023. The total provision made as at 28 February 2023 was RM1,680,000.

In 2024, the legal proceeding were handed over to a new legal firm and the same advice and opinion as above were maintained. Accordingly, the provision remained as at 29 February 2024.

On 27 March 2025, the High Court granted the customer's application to amend its Writ and resubmit the Statement of Claim. The customer's claim against a subsidiary of the Group has increased from RM1,680,000 to RM2,700,000, inclusive of interest and costs. Management sought legal and expert advices from its legal counsel and appointed expert witness, concluded that a reliable estimate cannot be made of the amount of the obligation as at the balance sheet date and up to the date of this audit report on the basis that they have not received any supporting documents from the customer's appointed lawyers on the additional claims made. Accordingly, no additional provision has been recorded.

26 Segment information

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

26 Segment information (cont'd)

26.1 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. Intersegment 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.

26.2 Loss from operations and reconciliations

The Group	Export RM'000	Domestic RM'000	Total RM'000
Continuing operations 2025			
Segment revenue			
Total revenue by segment	26,412	18,821	45,233
Inter-segment sales	(5,355)	–	(5,355)
Total revenue	21,057	18,821	39,878
Recurring loss before interest, tax, depreciation and amortisation (LBITDA)			(1,180)
Interest income			303
Finance costs			(204)
Depreciation			(2,076)
Reversal of impairment loss			527
Loss before tax			(2,630)
Income tax credit			2
Loss, net of tax			(2,628)
Continuing operations 2024			
Segment revenue			
Total revenue by segment	29,816	12,731	42,547
Inter-segment sales	(4,823)	–	(4,823)
Total revenue	24,993	12,731	37,724
Recurring LBITDA			(1,860)
Interest income			648
Finance costs			(326)
Depreciation and impairment loss			(5,734)
Loss before tax			(7,272)
Income tax credit			196
Loss, net of tax			(7,076)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

26 Segment information (cont'd)

26.3 Assets and reconciliations

The Group	Export RM'000	Domestic RM'000	Unallocated RM'000	Total RM'000
2025				
Total assets for reportable segments	29,082	10,085	33,267	72,434
Elimination of inter-segment receivables	(8,268)	(6)	(33,035)	(41,309)
Total group assets	20,814	10,079	232	31,125
2024				
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

26.4 Liabilities and reconciliations

The Group	Export RM'000	Domestic RM'000	Unallocated RM'000	Total RM'000
2025				
Total liabilities for reportable segments	17,543	10,086	4,388	32,017
Elimination of inter-segment payables receivables	(11,242)	(7,760)	(185)	(19,187)
Unallocated:				
Deferred tax liabilities	–	–	82	82
Total group liabilities	6,301	2,326	4,285	12,912
2024				
Total liabilities for reportable segments	19,088	10,304	1,019	30,411
Elimination of inter-segment payables receivables	(9,333)	(7,760)	(262)	(17,355)
Unallocated:				
Deferred tax liabilities	–	–	82	82
Total group liabilities	9,755	2,544	839	13,138

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

26 Segment information (cont'd)

26.5 Other material items and reconciliations

The Group	Export RM'000	Domestic RM'000	Total RM'000
Capital expenditure for non-current assets:			
2025	102	–	102
2024	61	–	61
(Reversal)/Allowance for impairment on plant and equipment:			
2025	(527)	–	(527)
2024	3,065	–	3,065
(Reversal)/Allowance on inventory, net:			
2025	–	–	–
2024	530	890	1,420
(Reversal)/Allowance for impairment on trade receivables:			
2025	–	–	–
2024	(1,553)	12	(1,541)

26.6 Geographical information

Revenue based on geographical locations of customers is as follows:

The Group	2025 RM'000	2024 RM'000
Revenue:		
Malaysia ("MY")	18,821	12,731
Middle East	4,723	6,996
North America	9,029	9,641
Asia and Oceania ex SG/MY	6,848	5,917
Africa	212	1,898
Singapore ("SG")	245	461
Others	–	80
	39,878	37,724

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

26.7 Revenue from major customers

The Group	2025 RM'000	2024 RM'000
Top 1 customer in more than one segment	7,621	6,456
Top 2 customers in more than one segment	13,413	12,912
Top 3 customers in more than one segment	17,921	15,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

27 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. The transactions were not significant.

(b) Key management personnel compensation

	2025 RM'000	2024 RM'000
The Group		
Salaries and other short-term employee benefits	3,212	3,325

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

	2025 RM'000	2024 RM'000
The Group		
Remuneration of directors of the Company	1,790	1,154
Fees to directors of the Company	532	418

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 8 (2024 – 12) persons.

(c) Other receivables from related parties

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

	2025 RM'000	2024 RM'000
The Company		
<u>Other receivables:</u>		
Balance at beginning of the year	5,367	11,507
Amounts paid in and settlement of liabilities on behalf of the Company	–	(6,163)
Amounts paid out and settlement of liabilities on behalf of the subsidiaries	–	23
Exchange differences	(12)	–
Balance of end of the year	5,355	5,367

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

28 Financial instruments

(a) Financial instruments by category

The carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost are as follows:

	The Group 2025 RM'000	2024 RM'000	The Company 2025 RM'000	2024 RM'000
<u>Financial assets</u>				
Financial assets at amortised cost	19,626	21,181	10,951	11,216
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	11,150	11,336	4,196	831

Further quantitative disclosures are included throughout these financial statements.

(b) 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.

(c) 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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

28 Financial instruments (cont'd)

(d) Credit risk on financial assets (cont'd)

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 bank balances. Cash and bank balances are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

(e) 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.

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

The Group	Carrying amount RM'000	Less than 1 year RM'000	Between 2 and 5 years RM'000	Total RM'000
At 28 February 2025				
<u>Non-derivative financial liabilities:</u>				
Trade and other payables	6,353	6,353	–	6,353
Borrowings	2,773	2,773	–	2,773
Lease liabilities	2,024	2,017	44	2,061
	11,150	11,143	44	11,187
At 29 February 2024				
<u>Non-derivative financial liabilities:</u>				
Trade and other payables	6,292	6,292	–	6,292
Borrowings	492	492	–	492
Lease liabilities	4,552	2,650	1,987	4,637
	11,336	9,434	1,987	11,421
The Company				
			2025 RM'000	2024 RM'000
<u>Less than one year</u>				
<u>Non-derivative financial liabilities:</u>				
Trade and other payables			1,830	831
Borrowings			2,366	–
			4,196	831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

28 Financial instruments (cont'd)

(e) Liquidity risk – financial liabilities maturity analysis (cont'd)

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.

	2025 RM'000	2024 RM'000
The Company		
Bank facilities:		
Undrawn borrowing facilities	2,393	2,308

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.

(f) 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:

	2025 RM'000	2024 RM'000
The Group		
<u>Financial liabilities with interest:</u>		
Fixed rates	4,390	4,552
Floating rates	407	492
	4,797	5,044
<u>Financial assets with interest:</u>		
Fixed rates	8,603	3,939

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 STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

28 Financial instruments (cont'd)

(g) Foreign exchange risk

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:

The Group	SGD RM'000	USD RM'000	Thai Baht RM'000	Chinese Renminbi RM'000	Total RM'000
28 February 2025					
<u>Financial assets:</u>					
Cash and bank balances	544	8,010	–	–	8,554
Trade and other receivables	11	650	–	–	661
Total financial assets	555	8,660	–	–	9,215
<u>Financial liabilities:</u>					
Trade and other payables	–	(60)	(754)	–	(814)
Borrowings	(2,366)	–	–	–	(2,366)
	(2,366)	(60)	(754)	–	(3,180)
Net financial assets/(liabilities) at end of the year	(1,811)	8,600	(754)	–	6,035
29 February 2024					
<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)
Net financial assets/(liabilities) at end of the year	260	6,839	(905)	(435)	5,759

The Company	Singapore Dollar 2025 RM'000	2024 RM'000
<u>Financial assets:</u>		
Cash and bank balances	186	439
Other non-financial assets	44	37
Total financial assets	230	476
<u>Financial liabilities:</u>		
Trade and other payables	(1,830)	(831)
Borrowings	(2,366)	–
	(4,196)	(831)
Net financial liabilities at end of the year	(3,966)	(355)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2025

28 Financial instruments (cont'd)

(g) Foreign exchange risk (cont'd)

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

Sensitivity analysis

A 10% strengthening/weakening of the foreign currency against the functional currencies of the respective entities within the Group at the reporting date would increase/(decrease) the results before tax by the amounts above.

The Group	2025 RM'000	2024 RM'000
<u>Sensitivity analysis</u>		
Profit after tax		
SGD	(181)	26
USD	860	684
Thai Baht	(75)	(91)
Chinese Renminbi	–	(44)

29 Comparative figures

Comparative figures have been reclassified to conform with current year's presentation.

	As reported RM'000	Prior year reclassification RM'000	As restated RM'000
Consolidated statement of comprehensive income			
Other income and gains	1,790	(1,541)	249
Reversal of allowance for impairment of trade receivables	–	1,541	1,541
	1,790	–	1,790

SHAREHOLDING STATISTICS

AS AT 21 JULY 2025

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	16	9.58	9,300	0.01
1,001 – 10,000	46	27.55	280,400	0.21
10,001 – 1,000,000	98	58.68	8,912,700	6.60
1,000,001 AND ABOVE	7	4.19	125,797,600	93.18
TOTAL	167	100.00	135,000,000	100.00

SHAREHOLDING STATISTICS

AS AT 21 JULY 2025

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 21 July 2025, approximately 21.81% 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 International Securities Singapore Pte. Ltd.	83,715,200	62.01
2	Trendy King Limited	30,928,000	22.91
3	Yeo Khee Seng Benny	4,729,900	3.50
4	Law Boon Seng	3,185,100	2.36
5	Tiger Brokers (Singapore) Pte. Ltd.	1,124,200	0.83
6	Kek Chin Wu	1,074,900	0.80
7	Wong Hon Mui (Huang Hanmei)	1,040,300	0.77
8	Lim Chye Huat @ Bobby Lim Chye Huat	970,000	0.72
9	Chun Kwong Pong	595,000	0.44
10	Leow Soy Nyuk Or Leow Soy Seon	500,500	0.37
11	Leow Kar Ping	429,900	0.32
12	Ho Yew Ming Or Wong Phooi Yee	360,000	0.27
13	OCBC Securities Private Limited	310,300	0.23
14	Moomoo Financial Singapore Pte. Ltd.	292,000	0.22
15	Wong Soo Chai @ Wong Chick Wai	284,000	0.21
16	Lim & Tan Securities Pte Ltd	260,500	0.19
17	KGI Securities (Singapore) Pte. Ltd.	226,900	0.17
18	Wan Ho Yin	213,300	0.16
19	Tiong Kwai Lan	203,000	0.15
20	Phillip Securities Pte Ltd	190,000	0.14
TOTAL		130,633,000	96.77

SUBSTANTIAL SHAREHOLDERS AS AT 21 JULY 2025 (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	Liu Jing ⁽⁴⁾	–	6,828,400	6,828,400	5.06
6	Yeo Khee Seng Benny ⁽⁵⁾	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 International 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 International Securities Singapore Pte. Ltd..
- (4) Liu Jing holds 6,828,400 ordinary shares in the Company in her trading account managed by CGS International Securities Singapore Pte. Ltd..
- (5) To the best of the knowledge of the Company, under the Register of Members as at 21 July 2025, Yeo Khee Seng Benny holds 4,729,900 ordinary shares of the Company.

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

NOTICE OF ANNUAL GENERAL MEETING

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, 28 August 2025 at 10.30 a.m. to transact as Ordinary Resolutions, 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 28 February 2025, together with the Auditor’s Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$156,000 for the financial year ending 28 February 2026 (2025: S\$156,000), to be paid quarterly in arrears. **(Resolution 2)**
3. To re-elect Mr Xue Congyan, 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 3)**

[See Explanatory Notes (i) and (iii)]
4. To re-elect Ms Liu Xiaohua, who is retiring in accordance with Article 114 of the Company’s Constitution and who, being eligible, offers herself for re-election as a Director of the Company. **(Resolution 4)**

[See Explanatory Notes (ii) and (iii)]
5. To re-appoint Foo Kon Tan LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration for the financial year ending 28 February 2026. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares** **(Resolution 6)**
 - (a) That pursuant to Section 161 of the Companies Act 1967 of Singapore (“**Companies Act**”) and subject to 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,

NOTICE OF ANNUAL GENERAL MEETING

provided always 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 (b)(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 (b)(ii) below);
- (ii) (subject to such manner of calculation or adjustment 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 (b)(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, adjustments in accordance with sub-paragraphs (b)(ii)(1) or (b)(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 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 (iv)]

By Order of the Board

LIM KOK MENG
Company Secretary

13 August 2025
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) 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 of Directors of the Company (the “**Board**”) for the purpose of Rule 704(7) of the Catalyst Rules.
- (ii) 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 Catalyst Rules.
- (iii) Please refer to the “Additional Information Required Pursuant to Rule 720(5) of the Catalyst Rules on Directors Seeking Re-election” section of the Corporate Governance Report of the Annual Report of the Company for the financial year ended 28 February 2025 (the “**Annual Report**”) for the detailed information required pursuant to Rule 720(5) of the Catalyst Rules.
- (iv) Resolution 6 proposed at item 7 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**”, each a “**Member**”) 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 Request Form dated 13 August 2025 will be sent to Members. These documents are also made available on the SGXNet and the Company’s corporate website at <https://versalink.com/pages/investor-relations>. 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/pages/investor-relations>. 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 Request Form dated 13 August 2025 to the Company by 5.00 p.m. on 20 August 2025.
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; 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 5.00 p.m. on 20 August 2025 (the “**Cut-Off Time**”).

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.

The Company will endeavour to address the substantial and relevant questions received from Members by the Cut-Off Time 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 10.30 a.m. on 24 August 2025). The responses to substantial and relevant questions received 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.

NOTICE OF ANNUAL GENERAL MEETING

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; 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 10.30 a.m. on 26 August 2025.
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 appointor 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.
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 10.30 a.m. on 26 August 2025.
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.

*This notice has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**").*

*This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (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, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

VERSALINK HOLDINGS LIMITED
(Company Registration Number 201411394N)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING
PROXY FORM**

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.

I/We*, _____ (Name) (NRIC/Passport/Registration Number _____)
of _____ (Address)
being a member/members* of **VERSALINK HOLDINGS LIMITED** (the “Company”) hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person or both of the persons above, the Chairman of the 2025 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, 28 August 2025 at 10.30 a.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 28 February 2025, together with the Auditor’s Report thereon.			
2	To approve the payment of Directors’ fees of S\$156,000 for the financial year ending 28 February 2026.			
3	To re-elect Mr Xue Congyan as a Director of the Company.			
4	To re-elect Ms Liu Xiaohua as a Director of the Company.			
5	To re-appoint Foo Kon Tan LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration.			
6	To authorise the Directors of the Company to allot and issue 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 _____ 2025

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.



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; 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 10.30 a.m. on 26 August 2025.
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.
7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or other authority or a notarially 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 10.30 a.m. on 26 August 2025.
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 13 August 2025.

SINGAPORE

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

Tel : (65) 6228 3488
Fax : (65) 6535 0680

MALAYSIA

Lot 6119 Jalan Haji Salleh
Batu 51/2, Off Jalan Meru
41050 Klang, Selangor Darul Ehsan
Malaysia

Tel : (603) 3392 6888
Fax : (603) 3392 3377

www.versalink.com