



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

PROPOSED SALE OF PROPERTY AS A MAJOR TRANSACTION
- ENTRY INTO SALE AND PURCHASE AGREEMENT

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Versalink Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 12 July 2022 (the “**Previous Announcement**”) relating to the acceptance by the Company’s wholly-owned subsidiary, Jemaramas Jaya Sdn Bhd (the “**Vendor**”), of a binding letter of offer for the sale of the parcel of land held under HSD 158275, PT No. 76085, Mukim Kapar, Daerah Klang, Negeri Selangor together with the buildings erected thereon bearing the postal address Lot 6119, Jalan Haji Salleh Batu 5 ½ off Jalan Meru 41050 Klang, Selangor (the “**Property**”) to RHB Trustees Berhad (the “**Purchaser**”) as trustee for Axis Real Estate Investment Trust (the “**Proposed Sale**”).

Unless otherwise defined herein or the context otherwise requires, all capitalised terms used herein shall bear the meanings ascribed thereto in the Previous Announcement.

- 1.2 Further to the Previous Announcement, the Vendor had on 23 September 2022 entered into a sale and purchase agreement (the “**SPA**”) with the Purchaser for the Proposed Sale. Please refer to sections 2.1, 2.2 and 3 of the Previous Announcement for information on the Property, the Purchaser, AXIS-REIT and the rationale for the Proposed Sale.
- 1.3 Unless otherwise stated, all currency translations of S\$ and RM used herein are based on an exchange rate of RM1.00 : S\$0.3102 (as extracted from Bloomberg L.P.) as at 22 September 2022, being the date immediately preceding the date of this announcement.

2. PRINCIPAL TERMS OF THE AGREEMENT

2.1 Basis for the Proposed Sale

Pursuant to the SPA, the Vendor and the Purchaser irrevocably agree that the following shall, *inter alia*, form the basis of the Proposed Sale:

- (a) the Property shall be free from all or any encumbrances including any caveats, prohibitory orders, restraints, mortgage, debenture, charge, pledge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement or other security arrangement or agreement conferring a right to a priority of payment but shall not include any caveat or encumbrances lodged by the Purchaser or any person claiming under the Purchaser;
- (b) the category of land use shall on the Completion Date (as defined below) remain as “Perusahaan”; and
- (c) the Vendor, in its capacity as tenant, and the Purchaser shall execute a tenancy agreement (the “**Tenancy Agreement**”) simultaneously with the execution of the SPA, with terms including a fixed tenancy term of three years and a monthly rental of RM220,804.60, to be effective on the Completion Date (as defined below).

2.2 Condition Precedent

- 2.2.1 The Proposed Sale shall be conditional upon the following being obtained or fulfilled within three months from the date of the SPA with an automatic extension of one month upon expiry thereof or such further extended period(s) that may be mutually agreed by the parties (the “**Conditional Period**”):

- (a) the approval of the shareholders of the Company (the “**Shareholders**”) being obtained for the sale of the Property to the Purchaser in accordance with the terms of the SPA following its Shareholders’ meeting duly convened for the said purpose,

(the “**Condition Precedent**”).

2.2.2 In the event that on the last day of the Conditional Period, the Condition Precedent is not fulfilled or obtained, without any default, negligence, misrepresentation, omission or blameworthy conduct of the Vendor, then either party may elect to terminate the SPA. Upon such termination, the Purchaser’s solicitors shall forthwith refund to the Purchaser the Deposit (as defined below) in exchange for certain documents to be returned to the Vendor and the SPA shall become null and void and cease to be of any further effect and the Vendor shall be at liberty to resell or otherwise dispose of or deal with the Property as it shall think fit, without prejudice to any claims that either party may have arising from antecedent breaches.

2.2.3 The date the Condition Precedent is fulfilled shall be the date that the SPA becomes unconditional (the “**Unconditional Date**”).

2.3 Sale Price

2.3.1 Pursuant to the SPA, the Sale Price of the Property is RM41,000,000 (equivalent to approximately S\$12,718,000), to be satisfied fully in cash as follows:

- (a) RM820,000 (the “**Earnest Deposit**”), paid to the Purchaser’s solicitors as stakeholders prior to the execution of the SPA;
- (b) RM3,280,000 (the “**Balance Deposit**”, and together with the Earnest Deposit, the “**Deposit**”), paid to the Purchaser’s solicitors as stakeholders upon the execution of the SPA; and
- (c) RM36,900,000 (the “**Balance Purchase Price**”), to be paid to the Vendor’s solicitors as stakeholders within 30 days from the Unconditional Date (the “**Completion Period**”), subject to the terms and conditions set out in the SPA.

The Deposit shall be released to the Vendor within five working days of the Unconditional Date or refunded in the event of termination of the SPA as mentioned in paragraph 2.2.2 above.

For the avoidance of doubt, there is no change to the Sale Price and the terms of payment of the Sale Price as agreed by the parties in the Letter of Offer. Please refer to section 2.3 of the Previous Announcement for information on the factors taken into consideration in arriving at the Sale Price, including the market value of the Property based on the Valuation Report commissioned by the Vendor.

2.3.2 In the event that the Purchaser is unable to pay the Balance Purchase Price for any reason whatsoever (save due to the default of the Vendor), the Vendor shall grant to the Purchaser an automatic extension of one month from the expiry of the Completion Period to pay the Balance Purchase Price, provided always that the Purchaser shall pay to the Vendor the agreed compensation at the rate of 8% per annum on the sum remaining unpaid as at the date of expiry of the Completion Period calculated on a daily basis until date of actual payment of the full Balance Purchase Price (the “**Agreed Compensation**”).

2.3.3 The “**Completion Date**” shall be the date all of the following are completed:

- (a) the duly executed confirmation by the parties that the certain sums relating to the Tenancy Agreement (the “**Set-Off Sum**”) have been set-off against the Balance Purchase Price, is received by the Vendor’s solicitors;
- (b) the payment of such sum required (the “**Redemption Sum**”) is made to the existing chargee of the Property to obtain a valid discharge of the charge over the Property; and
- (c) the Balance Purchase Price and the Agreed Compensation less the Set-Off Sum and the Redemption Sum is received by the Vendor’s solicitors.

2.4 Adjacent Land

2.4.1 The Vendor has built ancillary structures on the neighbouring land measuring approximately 934 square metres (the “**Adjacent Land**”), which does not belong to the Vendor. The Vendor, with the full cooperation of the Purchaser, shall use its best endeavours to cause the Adjacent Land to be transferred to the Purchaser at its sole cost and expense within three years from the Completion Date or by the last day the Vendor remains as the tenant of the Property pursuant to the Tenancy Agreement, whichever is the earlier (the “**Cut-Off Date**”).

2.4.2 The Vendor agrees that a sum of RM1,000,000 (the “**Retention Sum**”) shall be retained from the Balance Purchase Price by the Purchaser’s solicitors as stakeholders, pending the aforesaid transfer of the Adjacent Land by the Cut-Off Date or the completion by the Vendor of the Rectification Works (as defined below) by the Cut-Off Date. If the

Vendor envisages that it will not be able to cause the transfer of the Adjacent Land to the Purchaser by the Cut-Off Date, then the Vendor shall complete certain rectification and reinstatement works necessary to remove all ancillary structures on the Adjacent Land (the “**Rectification Works**”) on or before the Cut-Off Date.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Sale as computed on the bases set out in Rule 1006 of the Catalist Rules and the audited consolidated financial statements of the Group for FY2022 are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	The net asset value of assets to be disposed of, as compared with the Group’s net asset value	88.5% ⁽¹⁾
(b)	The net profits attributable to the assets disposed of, as compared with the Group’s net profits	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation	109.2% ⁽³⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

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

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

- (2) Rule 1006(b) of the Catalist Rules is not applicable as the Property is not a revenue-generating asset.
- (3) Based on the Sale Price of approximately S\$12,718,000 and the Company’s market capitalisation of approximately S\$11,651,000. The market capitalisation of the Company was computed based on the issued share capital of the Company of 135,000,000 ordinary shares (“**Shares**”) and the volume weighted average price of S\$0.0863 per Share on 13 September 2022 (being the last day on which the Shares were traded prior to the date of the SPA).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rules 1006(a) and 1006(c) of the Catalist Rules exceed 50%, the Proposed Sale constitutes a “major transaction” under Rule 1014 of the Catalist Rules and is subject to the approval of Shareholders in a general meeting.

4. FINANCIAL INFORMATION

4.1 Financial Effects of the Proposed Sale

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

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

- (a) the financial effect on the consolidated NTA per Share is computed based on the assumption that the Proposed Sale was completed on 28 February 2022;
- (b) the financial effect on the consolidated LPS is computed based on assumption that the Proposed Sale

was completed on 1 March 2021;

- (c) the expenses to be incurred in connection with the Proposed Sale are estimated to be approximately RM1,196,000; and
- (d) the Proposed Sale shall be accounted for as a sale and leaseback transaction.

NTA per Share

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

As at 28 February 2022	Before the Proposed Sale	After the Proposed Sale
NTA (RM'000)	46,306	71,557
Number of Shares ('000)	135,000	135,000
NTA per Share (RM sen)	34.30	53.01

LPS

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

FY2022	Before the Proposed Sale	After the Proposed Sale
Net (loss)/profit attributable to Shareholders of the Company (RM'000)	(2,354)	13,850
Weighted average number of Shares (excluding treasury Shares) ('000)	135,000	135,000
(LPS)/Earnings per Share (RM sen)	(1.74)	10.26

- 4.2 Based on the audited consolidated financial statements of the Group for FY2022, the book value of the Property as at 28 February 2022 amounted to approximately RM17,770,000. The excess of the Sale Price over the book value of the Property will amount to approximately RM23,230,000. After deducting estimated expenses in connection with the Proposed Sale of approximately RM1,196,000 and accounting for the Proposed Sale as a sale and leaseback transaction, the Group will record a net gain on the Proposed Sale of approximately RM17,829,000.

5. USE OF PROCEEDS FROM THE PROPOSED SALE

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

As at the date of this announcement, the Company intends to utilise all of the Net Proceeds for general working capital purposes of the Group.

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

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

7. SERVICE CONTRACTS

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

9. EXTRAORDINARY GENERAL MEETING

An EGM will be convened to seek Shareholders' approval for the Proposed Sale. The notice of EGM, together with a circular containing further information on the Proposed Sale, will be sent to Shareholders in due course.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

LAW KIAN SIONG
Executive Director and Group Chief Executive Officer
23 September 2022

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

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

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