

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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VERSATILE CREATIVE BERHAD
(Registration No.: 200301001350 (603770-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED BONUS ISSUE OF UP TO 140,049,359 WARRANTS (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN VERSATILE CREATIVE BERHAD (“VCB” OR “COMPANY”) HELD BY THE ENTITLED SHAREHOLDERS OF VCB ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No.: 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“EGM”) for the Proposed Bonus Issue of Warrants together with the Proxy Form and this Circular are available online on the Company’s website at <https://vc-b.com>.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Proxy Form should be completed and deposited at the office of the Company’s share registrar, Tricor Investor & Issuing House Services Sdn. Bhd. situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

| | | |
|--|---|--|
| Date and time of the EGM | : | Friday, 23 December 2022 at 10:00 a.m. |
| Last date and time for lodging the Form of Proxy | : | Wednesday, 21 December 2022 at 10:00 a.m. |
| Venue of the EGM | : | Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra 47000 Sungai Buloh, Selangor |

This Circular is dated 8 December 2022

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

| | |
|---------------------------|---|
| Act | : Companies Act, 2016, amended from time to time and any re-enactment thereof |
| Affin Hwang IB | : Affin Hwang Investment Bank Berhad (Registration No.: 197301000792 (14389-U)) |
| Announcement | : Announcement dated 28 September 2022 in relation to the Proposed Bonus Issue of Warrants |
| Board | : The Board of Directors of VCB |
| Bursa Depository | : Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)) |
| Bursa Securities | : Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)) |
| Circular | : This circular to our shareholders dated 8 December 2022 in relation to the Proposed Bonus Issue of Warrants |
| Constitution | : The constitution of VCB |
| Deed Poll | : The deed poll constituting the Warrants and governing the rights of the Warrant holders to be executed by our Company, as may be supplemented from time to time |
| Director | : The director(s) of VCB and shall have the same meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 |
| EGM | : Extraordinary general meeting of VCB |
| Entitled Shareholders | : Shareholders of VCB whose names appear in our Company's Record of Depositors on the Entitlement Date |
| Entitlement Date | : The date (to be determined by our Board and announced later by our Company) on which the names of the shareholders of VCB must appear in our Company's Record of Depositors as at the close of business at 5.00 p.m. in order to be entitled for the Proposed Bonus Issue of Warrants |
| EPS | : Earnings per Share |
| FYE | : Financial year ended/ending 31 March, as the case may be |
| Indicative Exercise Price | : RM0.56, being the indicative exercise price of the Warrants to be issued under the Proposed Bonus Issue of Warrants |
| Listing Requirements | : Main Market Listing Requirements of Bursa Securities |
| LPD | : 5 December 2022, being the latest practicable date prior to the printing of this Circular |

DEFINITIONS (CONT'D)

| | | |
|----------------------------------|---|--|
| Market Day(s) | : | Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities |
| NA | : | Net assets attributable to owners of the Company |
| Official List | : | The list specifying all securities listed on the Main Market of Bursa Securities |
| Proposed Bonus Issue of Warrants | : | Proposed bonus issue of up to 140,049,359 Warrants on the basis of 1 Warrant for every 2 existing VCB Shares held by the Entitled Shareholders on the Entitlement Date |
| Record of Depositors | : | The record of securities holders established by Bursa Depository under the Rules of Bursa Depository pursuant to the Securities Industry (Central Depositories) Act 1991 |
| RM and sen | : | Ringgit Malaysia and sen, respectively |
| VCB or Company | : | Versatile Creative Berhad (Registration No.: 200301001350 (603770-D)) |
| VCB Group or Group | : | VCB and its subsidiary companies, collectively |
| VCB Shares or Shares | : | Ordinary shares in VCB |
| VWAP | : | Volume weighted average market price |
| Warrants | : | Up to 140,049,359 warrants in VCB to be issued pursuant to the Proposed Bonus Issue of Warrants |
| Warrant Holders | : | Any person to be treated by VCB or its agents as the holder of Warrants under the provisions as set out in the Deed Poll |

References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, our subsidiary companies. All references to “you” are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Any reference to persons shall include corporations, unless otherwise stated.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” section and context of the Circular.

This Executive Summary highlights only the salient information of the Proposed Bonus Issue of Warrants and does not contain all the information that may be important to you. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Bonus Issue of Warrants.

| Key information | Description | Reference to Circular |
|---|---|------------------------------|
| Summary of the Proposed Bonus Issue of Warrants | : Entails the issuance of up to 140,049,359 Warrants on the basis of 1 Warrant for every 2 existing VCB Shares held by the Entitled Shareholders on the Entitlement Date. | Section 2.1 |
| Exercise price | : The Warrants will be issued at no cost to the Entitled Shareholders. The exercise price of the Warrants will be fixed by our Board at a later date after all relevant approvals have been obtained. | Section 2.3 |
| Utilisation of proceeds | : Any proceeds raised from the exercise of the Warrants shall be utilised as working capital to fund our Group’s day-to-day operations. Such working capital expenses include, among others, purchase of inventories, rental costs, staff-related expenses, utilities and administrative expenses. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time and therefore, have not been determined at this juncture. | Section 2.6 |
| Rationale | : (i) Reward our existing shareholders for their continuous support by enabling them to participate in our Company’s listed convertible securities, without incurring any cost; (ii) Provide our shareholders with an opportunity to further increase their equity participation in our Company by exercising the Warrants at a pre-determined price over the tenure of the Warrants; (iii) Allows our shareholders to benefit from any potential capital appreciation as the Warrants will be listed and can be traded; and (iv) Strengthen our Company’s financial position and capital base, as the Warrants will potentially provide our Group with additional working capital as and when the Warrants are exercised without incurring interest costs as compared to bank borrowings. | Section 3 |

EXECUTIVE SUMMARY (Cont'd)

| Key information | Description | Reference to Circular |
|--|---|-----------------------|
| Effects | <p>(i) No immediate effect on our Company's issued share capital, NA and gearing. When the Warrants are exercised, our issued share capital and NA will increase and our gearing will reduce.</p> <p>The extent of such effects will depend on the number of Warrants exercised and the utilisation of proceeds raised from the exercise of the Warrants.</p> <p>(ii) Save for the estimated expenses of approximately RM200,000, the Proposed Bonus Issue of Warrants is not expected to have any material effect on our earnings for the FYE 2023. However, our Group's EPS will be correspondingly diluted according to the increase in the number of VCB Shares in issue upon the exercise of the Warrants.</p> <p>(iii) Assuming all our shareholders exercise their Warrants, there will be no change to the percentage equity interest of our Company's substantial shareholders as the Warrants will be issued on a pro-rata basis to all the Entitled Shareholders.</p> <p>Assuming all other shareholders except the substantial shareholders, exercise their Warrants, the substantial shareholders' shareholdings in VCB will be diluted.</p> | Section 5 |
| Approvals required | <p>(i) Bursa Securities, which was obtained <i>vide</i> its letter dated 5 December 2022, for the following:</p> <p>(a) the admission of the Warrants to the Official List of Bursa Securities;</p> <p>(b) listing of and quotation for the Warrants on the Main Market of Bursa Securities; and</p> <p>(c) the listing of and quotation for the new VCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities;</p> <p>(ii) our shareholders at the forthcoming EGM of our Company; and</p> <p>(iii) any other relevant authorities, if required.</p> | Section 7 |
| Interested parties in the Proposed Bonus Issue of Warrants | <p>None of the Directors, major shareholders of our Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue of Warrants, save for their respective entitlements as shareholders of our Company, to which all other shareholders of our Company are similarly entitled.</p> | Section 8 |

EXECUTIVE SUMMARY (Cont'd)

| Key information | Description | Reference to Circular |
|---|---|------------------------------|
| Directors' Statement and Recommendation | <p>Our Board, having considered all aspects of the Proposed Bonus Issue of Warrants, including but not limited to the basis, rationale and effects, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of our Company.</p> <p>Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at our Company's forthcoming EGM.</p> | Section 9 |

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VERSATILE CREATIVE BERHAD
(Registration No.: 200301001350 (603770-D))
(Incorporated in Malaysia)

Registered Office:

No. 808, Jalan 17/24
46400 Petaling Jaya
Selangor Darul Ehsan

8 December 2022

Board of Directors

| | |
|--|---|
| Tan Sri Dato' Seri Mohd Shariff Bin Omar | <i>(Chairman, Independent Non-Executive Director)</i> |
| Dato' Sri Wira Ayub Bin Yaakob | <i>(Independent Non-Executive Director)</i> |
| Maggie Then | <i>(Independent Non-Executive Director)</i> |
| Khat Chee How | <i>(Executive Director)</i> |
| Lim Siew Yeng | <i>(Executive Director)</i> |
| Loh Teck Wah | <i>(Executive Director)</i> |
| Chen Chuen Sum | <i>(Non-Independent Non-Executive Director)</i> |

To: The shareholders of VCB

Dear Sir/Madam,

PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

On 28 September 2022, Affin Hwang IB had, on behalf of our Board, announced that our Company proposes to undertake a bonus issue of up to 140,049,359 Warrants on the basis of 1 Warrant for every 2 existing VCB Shares held by the Entitled Shareholders on the Entitlement Date.

On 5 December 2022, Affin Hwang IB had, on behalf of our Board, announced that Bursa Securities had, *vide* its letter dated 5 December 2022, approved the following:

- (a) the admission of the Warrants to the Official List of Bursa Securities;
- (b) listing of and quotation for the Warrants on the Main Market of Bursa Securities; and
- (c) the listing of and quotation for the new VCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities;

The approval of Bursa Securities is subject to the conditions as set out in Section 7 of this Circular.

The details of the Proposed Bonus Issue of Warrants are also set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT OUR COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS

2.1 Basis and number of Warrants to be issued

The Proposed Bonus Issue of Warrants will entail the issuance of up to 140,049,359 Warrants on the basis of 1 Warrant for every 2 existing VCB Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, our Company's issued share capital is RM105,886,152 comprising 280,098,718 VCB Shares. Our Company does not hold any treasury shares.

Upon completion, assuming all the Warrants are fully exercised, our Company's issued share capital will increase by 140,049,359 VCB Shares to 420,148,077 VCB Shares.

The actual number of Warrants to be issued will depend on the number of VCB Shares in issue (excluding treasury shares, if any) on the Entitlement Date.

Fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded, and dealt with in such manner as our Board may in its absolute discretion deem fit and expedient, and in the best interest of our Company.

The entitlement basis was determined after taking into consideration the following:

- (i) amount of proceeds that our Company could potentially raise as and when the Warrants are exercised during the tenure of the Warrants;
- (ii) dilutive effects arising from the full exercise of the Warrants on the consolidated EPS of our Company; and
- (iii) compliance with paragraph 6.50 of the Listing Requirements, which states that the total number of new VCB Shares arising from the exercise of all outstanding convertible equity securities, shall not exceed 50% of the total number of issued shares of our Company (excluding treasury shares, if any, and before the exercise of the convertible equity securities) at all times.

The Warrants will be issued in registered form and constituted by the Deed Poll. The indicative salient terms of the Deed Poll are set out in Section 2.2 of this Circular.

The Proposed Bonus Issue of Warrants will not be implemented on a staggered basis.

2.2 Indicative salient terms of the Warrants

The indicative salient terms of Warrants are set out as follows:

| | | |
|--|---|---|
| Issuer | : | VCB |
| Issue size | : | Up to 140,049,359 Warrants |
| Form and denomination | : | The Warrants will be issued in registered form and will be constituted by the Deed Poll. |
| Tenure | : | 5 years commencing from and inclusive of the date of issuance and allotment of the Warrants (" Issue Date "). |
| Exercise period (" Exercise Period ") | : | The Warrants may be exercised at any time after the Issue Date and ending at 5:00 p.m. (Malaysia time) on the Expiry Date, provided that if such day falls on a day which is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. Any Warrants which are not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose. |
| Exercise price | : | The exercise price of the Warrants will be determined by our Board and announced at a later date after obtaining the relevant approvals. The exercise price may be adjusted under the provisions of the conditions as set out in the Deed Poll. The basis for determining the exercise price of the Warrants is set out in Section 2.3 below. |
| Exercise rights | : | The rights of Warrant Holder to subscribe for 1 new VCB Share at any time during the Exercise Period at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll. |
| Expiry date (" Expiry Date ") | : | The Market Day falling immediately before the 5th anniversary of the Issue Date of the Warrants, if such day falls on a day which is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day. |
| Board lot | : | For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 units of Warrants carrying the rights to subscribe for 100 new VCB Shares at any time during the Exercise Period, unless otherwise revised by the relevant authorities. |
| Mode of exercise | : | The Warrant Holders are required to lodge a subscription form with our Company's share registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the exercise price payable when exercising their Warrants to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia. |
| Participating rights of the Warrant Holders | : | The Warrant Holders will not be entitled to any voting rights in any general meeting of our Company or to participate in any form of distribution and/or offer of securities in our Company until and unless such Warrant Holders exercise their Warrants into new VCB Shares. |

- Adjustment in the exercise price and/or number of Warrants : Subject to the provisions of the Deed Poll, the Exercise Price and/or number of unexercised Warrants may be adjusted from time to time in accordance with the provisions of the Deed Poll by our Board in consultation with an approved adviser appointed by our Company and certified by the auditors of VCB in the event of alteration to the share capital of VCB at any time during the tenure in accordance with the provisions of the Deed Poll.
- Transferability : The Warrants will only be transferable in accordance with the provisions of the Deed Poll subject always to the provisions of the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
- Rights of Warrant Holders : The Warrant Holders will not be entitled to any voting rights in any general meeting of our Company or to participate in any form of distribution and/or offer of securities in our Company until and unless such Warrant Holders exercise their Warrants into new VCB Shares.
- Modifications of rights of the Warrant Holders : Any modification to the Deed Poll may be effected only by deed polls, executed by our Company and expressed to be supplemental to the Deed Poll and subject to the requirements on modification of rights set out in the Deed Poll being complied with. Any such modification shall, however, be subject to the approval of Bursa Securities and/or any other relevant authorities where required.
- Rights in the event of winding-up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up or liquidation of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies:
- (i) for the purpose of such winding-up, liquidation, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant Holders (or some persons designated by them for such purposes by special resolution) will be a party, the terms of such winding-up, liquidation, compromise or arrangement shall be binding on all the Warrant Holders; and
 - (ii) in any other case, every Warrant Holder will be entitled (upon and subject to the conditions) to exercise their Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within 6 weeks after the granting of the court order approving the winding up, liquidation, compromise or arrangement, whichever is later, by the irrevocable surrender of his Warrants to our Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights attached to such Warrants to the extent specified in the exercise notice and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the VCB Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company must give effect to such election accordingly. Upon the expiry of the above 6 weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose.

| | | |
|-----------------|---|--|
| Listing status | : | The Warrants will be listed and quoted on the Main Market of Bursa Securities. |
| Transferability | : | The Warrants will only be transferable in accordance with the provisions of the Deed Poll and subject always to the provisions of the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository, as may be amended and revised from time to time. |
| Governing laws | : | Laws of Malaysia. |

2.3 Basis and justification of determining the exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants will be determined by our Board at a later date after all relevant approvals have been obtained, and after taking into consideration, among others, the following:

- (i) the historical price movement of VCB Shares;
- (ii) the 5-day VWAP of VCB Shares and the prevailing market price of VCB Shares; and
- (iii) the future funding requirements of VCB Group.

In any case, the exercise price of the Warrants shall be priced at a premium of not more than 10% to the 5-day VWAP of VCB Shares up to and including the date prior to the price-fixing date. We will make an announcement at a later date on the basis and justification of determining the exercise price of the Warrants once it has been fixed by our Board.

For illustrative purposes, throughout this Circular, the Indicative Exercise Price is assumed at RM0.56, which represents a premium of 9.85% to the 5-day VWAP of VCB Shares up to and including the LPD of RM0.5098.

Our Board wishes to emphasise that the Indicative Exercise Price should not be taken as an indication of or reference to the actual exercise price of the Warrants as it will only be determined and announced at a later date.

2.4 Ranking of the Warrants and the new VCB Shares to be issued arising from the exercise of the Warrants

The Warrant Holders are not entitled to any voting rights in any of our Company's general meeting or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant Holders exercise their Warrants into new Shares.

The new VCB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all aspects with the existing Shares, except that such new Shares will not be entitled to any dividends, rights, allotments and/or other form of distributions, where the entitlement date precedes the date of allotment and issuance of such new Shares arising from the exercise of the Warrants.

2.5 Listing of and quotation for the Warrants and new VCB Shares to be issued arising from the exercise of the Warrants

Bursa Securities had, *vide* its letter dated 5 December 2022, approved the following:

- (a) the admission of the Warrants to the Official List of Bursa Securities;
- (b) listing of and quotation for up to 140,049,359 Warrants on the Main Market of Bursa Securities; and
- (c) the listing of and quotation for up to 140,049,359 new VCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

2.6 Utilisation of proceeds

The Proposed Bonus Issue of Warrants will not raise any immediate funds as the Warrants will be issued at no cost to the Entitled Shareholders.

The amount of proceeds to be raised from the exercise of the Warrants would depend on the final exercise price and actual number of Warrants exercised. As such, the exact quantum and timeframe for the utilisation of the proceeds to be raised cannot be determined at this juncture.

Assuming that all Warrants are exercised at the Indicative Exercise Price of RM0.56 each, our Company will raise gross proceeds of up to approximately RM78.43 million. Such proceeds if raised (as and when the Warrants are exercised), shall be utilised as working capital to fund our Group's day-to-day operations. Such working capital expenses include, among others, purchase of inventories, rental costs, staff-related expenses, utilities and administrative expenses. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time and therefore, have not been determined at this juncture.

Pending use of the proceeds raised as and when the Warrants are exercised, such proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will also be used as working capital of our Group.

2.7 Fund-raising exercises undertaken in the past 12 months

Save as disclosed below, our Company has not undertaken any other fund-raising exercise in the past 12 months prior to this Circular.

On 24 November 2021, our Company had announced a private placement of up to 25,463,500 VCB Shares ("**Private Placement**"), representing approximately 10% of our Company's total number of issued Shares prior to the Private Placement. On 30 November 2021, our Company had announced that Bursa Securities had, *vide* its letter dated 29 November 2021, approved the listing of and quotation for up to 25,463,500 VCB Shares.

On 2 December 2021, our Company announced that the issue price of the VCB Shares pursuant to the Private Placement is to be fixed at RM0.46 per VCB Share. On 20 December 2021, the Private Placement was completed following the listing of and quotation for 25,463,500 VCB Shares on the Main Market of Bursa Securities. Our Company raised gross proceeds of RM11.71 million from the Private Placement.

The status of utilisation of the said gross proceeds as at the LPD is set out as below:

| Details of utilisation | Timeframe for utilisation | Proposed utilisation RM'000 | Amount utilised as at the LPD RM'000 | Balance to be utilised RM'000 |
|--|---------------------------|--------------------------------|---|----------------------------------|
| Grocery business | Within 24 months | 11,263 | 8,634 | 2,629 |
| Estimated expenses for the Private Placement * | Within 1 month | 450 | 321 | 129 |
| Total | | 11,713 | 8,955 | 2,758 |

* *The actual expenses related to the Private Placement amounted to RM321,239, which were lower than the estimated amount. The balance portion will be utilised for grocery business working capital purposes.*

3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS

After due consideration of the various options* available, our Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for our Company to reward its existing shareholders after taking into consideration the following:

- (i) reward our existing shareholders for their continuous support by enabling them to participate in our Company's listed convertible securities, without incurring any cost;
- (ii) provide our shareholders with an opportunity to further increase their equity participation in our Company by exercising the Warrants at a pre-determined price over the tenure of Warrants;
- (iii) allows our shareholders to benefit from any potential capital appreciation as the Warrants will be listed and can be traded; and
- (iv) strengthen our Company's financial position and capital base, as the Warrants will potentially provide our Group with additional working capital as and when the Warrants are exercised without incurring interest costs as compared to bank borrowings.

* *Our Company is unable to undertake a bonus issue of Shares at this juncture as we would not comply with Paragraph 6.30(1A) of the Listing Requirements upon completion where the share price adjusted for a bonus issue is not to be less than RM0.50 based on the daily volume weighted average share price during the 3-month period before the application date.*

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 14.2% in the 3rd quarter of 2022 ("3Q 2022") (2nd quarter of 2022 ("2Q 2022"): 8.9%). Apart from the sizeable base effects from negative growth in the 3rd quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

During the quarter, domestic demand expanded by 13.1% (2Q 2022: 13.0%), driven by firm private sector expenditure. Private consumption growth remained robust at 15.1% (2Q 2022: 18.3%). This was attributed to the continued recovery in labour market conditions with higher employment and income growth. The strong performance was driven by spending across both necessities and discretionary items. Policy support, including the increase in minimum wage and Bantuan Keluarga Malaysia also spurred consumer spending.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (“CPI”), rose to 4.5% during the quarter (2Q 2022: 2.8%). As expected, the increase was largely driven by the base effect from the discount on electricity bills implemented in the 3rd quarter of 2021, as well as sustained increases in core and price-volatile inflation. The inflationary pressures reflected the confluence of stronger demand conditions and elevated cost pressures, particularly for food-related items.

Core inflation rose to 3.7% (2Q 2022: 2.5%) attributable to continued strengthening in demand in a high-cost environment. The increase was predominantly driven by food away from home (3Q 2022: 8.2%; 2Q 2022: 5.3%) and higher rental inflation (3Q 2022: 1.4%; 2Q 2022: 0.9%). Prices for other discretionary services, such as cultural services and restaurants and hotels, also rose. Price pressures remained pervasive throughout the quarter. The share of CPI items recording monthly price increases trended lower but remained high at 58.1% (2Q 2022: 63.2%; 2011-2019 average: 45.6%).

For the Malaysian economy, latest available indicators show that economic activity strengthened further in the third quarter, driven primarily by robust domestic demand. Going forward, despite the challenging global environment, domestic demand will remain the key driver of growth. Household spending will continue to be underpinned by improvements in labour market conditions and income prospects.

The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia’s diversified export base. The balance of risks to Malaysia’s growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

After trending upward to an average of 4.5% in the 3Q 2022, headline inflation is expected to moderate in the 4th quarter of 2022, albeit remaining elevated. The base effect from the discount on electricity bill which have contributed to higher inflation in 3Q 2022 will dissipate in the 4th quarter of 2022. Overall, headline inflation is expected to average at 3.3% in 2022. Underlying inflation, as measured by core inflation, is expected to stay elevated for the remainder of 2022 amid firm demand and the high-cost environment.

Moving into 2023, headline and core inflation are expected to remain elevated amid both demand and cost pressures, as well as any changes to domestic policy measures. The extent of upward pressures to inflation will remain partly contained by existing price controls, subsidies, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook in 2023 is tilted to the upside and continues to be subject to domestic policy measures on subsidies, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions.

(Source: BNM Quarterly Bulletin Vol. 37 No. 3, Third Quarter 2022, Bank Negara Malaysia)

4.2 Overview and outlook of the manufacturing sector

The manufacturing sector grew by 13.2% (2Q 2022: 9.2%). The Electrical & Electronics Products (“E&E”) cluster continued to record strong growth (17.3%; 2Q 2022: 15.5%), while the primary sector expanded at a faster pace (6.0%; 2Q 2022: 1.3%) due to the resumption of operations at an existing oil refinery that was previously under maintenance. The consumer cluster registered double-digit growth, lifted by the ramp up of production in the motor vehicle and transport equipment segment to meet the high backlog in orders.

(Source: BNM Quarterly Bulletin Vol. 37 No. 3, Third Quarter 2022, Bank Negara Malaysia)

Malaysia's manufacturing sales value in September 2022 stood at RM161.7 billion, grew 19.5% as compared to the same month in 2021. The growth in sales value for September 2022 was driven by the E&E Products (24.7%), Petroleum, Chemical, Rubber & Plastic Products (27.2%) and Food, Beverages & Tobacco Products (7.1%) subsectors.

For the period of January to September 2022, the sales value of the manufacturing sector soared 17.6% to RM1,326.3 billion as compared to the same period in 2021. The number of employees increased 3.8% to 2.32 million persons while salaries and wages expanded 5.3% to RM70.2 billion. Sales value per employee for similar period of year 2022 recorded RM572,452 with year-on-year growth of 13.3%.

(Source: Monthly Manufacturing Statistics, Malaysia, September 2022, Department of Statistics Malaysia)

The manufacturing sector continued to expand, recording a growth of 7.9% in the first half of 2022, supported by both the export and domestic-oriented industries. The export-oriented industries, which constitute 68.9% of the manufacturing sector, grew by 7.1%, while the domestic-oriented industries increased by 9.7%. The sector is expected to improve further in the second half with an expansion rate of 4.9%, driven by higher output across all industries, particularly from the E&E, transport equipment as well as metal-related segments. Overall, the manufacturing sector is forecast to expand by 6.3% in 2022.

On the supply side, all economic sectors are projected to expand, with the services and manufacturing sectors remain as the major contributors to the economy. The manufacturing sector is expected to be driven by global demand for E&E and rubber-based products coupled with an expansion in domestic industries such as food and construction related products. The manufacturing sector is forecast to grow by 3.9% in 2023 supported by expansion in all subsectors.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.3 Overview and outlook of the wholesale and retail trade sector in Malaysia

Sales value of Wholesale & Retail Trade recorded RM134.0 billion in September 2022, registered a growth of 23.9% year-on-year. The positive growth was contributed by all subsectors, namely motor vehicles (51.0%), retail trade (30.0%), and wholesale trade (13.3%).

In terms of volume index, wholesale and retail trade registered 18.4% year-on-year to record 146.0 points. The increment was supported by the increase in motor vehicles (43.9%), retail trade (27.1%), and wholesale trade (3.5%). As for seasonally adjusted volume index, it went down 2.0% month-on-month in September 2022.

(Source: Performance of Wholesale & Retail Trade, September 2022, Department of Statistics Malaysia)

The wholesale and retail trade subsector rose by 10.4% in the first half of 2022, supported by strong performance in all segments. The robust performance of the subsector was buoyed by an increase in household spending following improvement in the labour market and consumers' confidence. The subsector is expected to expand by 7.2% in the second half following improvement in all segments especially the retail trade, in line with the increase in the number of new convenience store outlets. For the year, the subsector is projected to record a significant growth of 8.7%.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.4 Prospects of our Group

Our Group is principally involved in the following business segments:

| Business segments | | Revenue contribution | | | |
|--------------------------------|---|----------------------|--------------|---|---------------|
| | | FYE 2022 | | 6-months financial period ended 30 September 2022 | |
| | | RM'000 | % | RM'000 | % |
| Paper products | Manufacturing and trading of paper board packaging products, specialising in offset-printed boxes and off-set laminated cartons | 34,979 | 63.98 | 21,121 | 36.40 |
| Plastic products | Manufacturing and trading of plastic packaging products | 9,657 | 17.66 | 5,355 | 9.23 |
| Colour separation and printing | Provision of colour separation and lithography services and printed materials | 365 | 0.67 | 149 | 0.26 |
| Grocery | Retail sale of any kind of product over the internet, supermarket and wholesale of other foodstuffs | 9,675 | 17.69 | 31,395 | 54.11 |
| TOTAL | | 54,676 | 100.0 | 58,020 | 100.00 |

Despite the challenging year due to the post-impact of the COVID-19 pandemic, further intensified by the Russia-Ukraine war, our Group managed to significantly increase its revenue by 30.54% in FYE 2022 compared to the preceding financial year.

The increase was mainly contributed by our Group's new Grocery division. Our Group opened our first grocery outlet in Quill City Mall in Kuala Lumpur in December 2021, a product of our collaboration with NSK Trading Sdn. Bhd., our major shareholder. Despite only having been in operation for one quarter of the FYE 2022, the Grocery division had contributed 17.69% to our Group's total revenue.

As at the LPD, our Group has opened 2 grocery outlets and our Board is optimistic that the Grocery division will contribute positively to our Group's long-term prospects. This is underpinned by the recession-resistant nature of the Grocery division due to the provision of consumer staples such as household and personal products which tend to experience stable demand.

The Paper Products division remains the mainstay of our Group's business contributing approximately 64% to our Group's FYE 2022 revenue. The Paper Products division was less impacted by the COVID-19 pandemic as it supplies paper packaging to the medical products and food and beverage industries but encountered manpower shortages in the preceding financial year due to restrictions on hiring foreign workers. Despite that, the Paper Products division recorded an increase in revenue by 3.63% in the FYE 2022 compared to the preceding financial year as our Group was able to secure a new customer during the year. The Russia-Ukraine war has indirectly impacted raw material prices of the Paper Products division. However, the division has implemented cost pass-through exercises which has slightly mitigated the impact of such cost increase.

Our Group's Plastic Products division recorded a significant increase in revenue for the FYE 2022 of 22.31% over the preceding financial year. This was due to an increase in production capacity and efficiency after our Group acquired 13 additional plastic injection machines during the financial year to replace existing aging machineries and relocated to a new factory. The expanded capacity and production efficiency allowed our Group to take on additional orders from our existing and new customers which translated to the revenue increase during the financial year.

Premised on the above and coupled with the positive outlook of the manufacturing, wholesale and retail sector in Malaysia as set out in Sections 4.2 and 4.3 of this Circular, our Board is optimistic of our Group's prospects going forward in view of the fruitful results reflected in FYE 2022 resulting from the various initiatives implemented in the previous financial year to address our Group's financial performance and operations. Further, the Proposed Bonus Issue of Warrants will greatly support our Group's long-term financial performance as it will allow our Group to have access to working capital for our operations as and when the Warrants are exercised, especially for our Grocery division which is in its infancy stage of operations.

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5. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

5.1 Issued share capital

The proforma effects of the Proposed Bonus Issue of Warrants on our Company's issued share capital are as follows:

| | No. of VCB Shares | Amount (RM) |
|--|--------------------|--------------------|
| Issued share capital as at the LPD | 280,098,718 | 105,886,152 |
| To be issued assuming full exercise of the Warrants ⁽¹⁾ | 140,049,359 | 78,427,641 |
| Enlarged issued share capital | 420,148,077 | 184,313,793 |

Note:

(1) Assuming the Warrants are exercised at the Indicative Exercise Price of RM0.56.

5.2 Substantial shareholders' shareholdings

Assuming all shareholders exercise their Warrants, the Proposed Bonus Issue of Warrants will not result in any change to the percentage equity interest of our Company's substantial shareholders as the Warrants will be issued on a pro-rata basis to all the Entitled Shareholders. Their total number of VCB Shares owned will, however, increase proportionately to their existing shareholdings in our Company as illustrated below:

| Substantial shareholder | Shareholdings as at the LPD | | | | Assuming full exercise of the Warrants | | | |
|-------------------------|-----------------------------|--------|----------------------------|--------|--|--------|----------------------------|--------|
| | <-----Direct-----> | | <-----Indirect-----> | | <-----Direct-----> | | <-----Indirect-----> | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| NSK Trading Sdn. Bhd. | 102,738,800 | 36.68% | - | - | 154,108,200 | 36.68% | - | - |
| Lim Chou Bu | - | - | 102,738,800 ⁽¹⁾ | 36.68% | - | - | 154,108,200 ⁽¹⁾ | 36.68% |
| Lim Ah Chuan | - | - | 102,738,800 ⁽¹⁾ | 36.68% | - | - | 154,108,200 ⁽¹⁾ | 36.68% |
| Lim Ah Chai | - | - | 102,738,800 ⁽¹⁾ | 36.68% | - | - | 154,108,200 ⁽¹⁾ | 36.68% |

Note:

(1) Deemed interested through his shareholdings in NSK Trading Sdn. Bhd. pursuant to Section 8 of the Act.

Assuming all other shareholders except the substantial shareholders exercised their Warrants, the substantial shareholders' shareholdings in VCB will be diluted.

5.3 NA, NA per VCB Share and gearing

Based on VCB's latest available audited consolidated statement of financial position for the FYE 2022, the proforma effects of the Proposed Bonus Issue of Warrants on the NA, NA per VCB Share and gearing ratio of the VCB Group are as follows:

| Group level | Audited as at 31 March 2022 | Assuming full exercise of the Warrants ⁽³⁾ |
|--|--------------------------------|---|
| | RM | RM |
| Share capital | 105,886,152 | 184,313,793 |
| Reserves | 20,658,565 | 20,658,565 |
| Accumulated losses | (50,334,242) | (50,534,242) ⁽¹⁾ |
| Total equity attributable to owners of the Company / NA | 76,210,475 | 154,438,116 |
| Non-controlling interests | 395,222 | 395,222 |
| Total equity | 76,605,697 | 154,833,338 |
| No. of VCB Shares in issue | 280,098,718 | 420,148,077 |
| NA per VCB Share (RM) | 0.27 | 0.37 |
| Total borrowings ⁽²⁾ | 8,136,543 | 8,136,543 |
| Gearing ratio (times) | 0.11 | 0.05 |

Notes:

- (1) After deducting the estimated expenses of approximately RM200,000 in relation to the Proposed Bonus Issue of Warrants.
- (2) Comprises lease liabilities.
- (3) There is no warrant reserve arising from the issuance of the Warrants as there is no inflow of cash in view that the Warrants are issued at no cost to the Entitled Shareholders.

The extent of such effects will depend on the number of Warrants exercised and the utilisation of proceeds raised from the exercise of the Warrants.

5.4 Earnings and EPS

Save for the estimated expenses of approximately RM200,000, the Proposed Bonus Issue of Warrants is not expected to have any material effect on our earnings for the FYE 2023. However, our Group's EPS will be correspondingly diluted according to the increase in the number of VCB Shares in issue upon the exercise of the Warrants.

5.5 Convertible securities

As at the LPD, our Company does not have any convertible securities.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of VCB Shares as traded on Bursa Securities for the past 12 months up to November 2022 are as follows:

| | High RM | Low RM |
|-------------|------------|-----------|
| 2021 | | |
| December | 0.720 | 0.490 |
| 2022 | | |
| January | 0.710 | 0.555 |
| February | 0.600 | 0.540 |
| March | 0.575 | 0.495 |
| April | 0.595 | 0.480 |
| May | 0.530 | 0.470 |
| June | 0.520 | 0.445 |
| July | 0.575 | 0.425 |
| August | 0.535 | 0.480 |
| September | 0.530 | 0.480 |
| October | 0.520 | 0.490 |
| November | 0.530 | 0.495 |

Last transacted price of VCB Shares on 27 September 2022, being the last trading day prior to the Announcement of the Proposed Bonus Issue of Warrants on 28 September 2022

0.490

Last transacted market price of VCB Shares as at the LPD

0.505

(Source: Bloomberg)

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Bonus Issue of Warrants is subject to the approvals being obtained from the following:

- (i) Bursa Securities for the following:
 - (a) the admission of the Warrants to the Official List of Bursa Securities;
 - (b) listing of and quotation for the Warrants on the Main Market of Bursa Securities; and
 - (c) the listing of and quotation for the new VCB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

The approval from Bursa Securities was obtained *vide* its letter dated 5 December 2022, and is subject to the following conditions:

| No. | Conditions |
|-----|--|
| 1. | VCB and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants; |
| 2. | Affin Hwang IB to inform Bursa Securities upon completion of the Proposed Bonus Issue of Warrants; |
| 3. | VCB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and |
| 4. | Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed. |

(ii) our shareholders at the forthcoming EGM of our Company; and

(iii) any other relevant authorities, if required.

The Proposed Bonus Issue of Warrants is not conditional upon any other proposals undertaken or to be undertaken by our Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of our Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue of Warrants, save for their respective entitlements as shareholders of our Company, to which all other shareholders of our Company are similarly entitled.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, having considered all aspects of the Proposed Bonus Issue of Warrants, including but not limited to the basis, rationale and effects, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of our Company.

Accordingly, our Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at our Company's forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposed Bonus Issue of Warrants is expected to be completed within the 1st quarter of 2023. The tentative timeline for implementation is as follows:

| Timing | Process |
|---------------------|--|
| End December 2022 | <ul style="list-style-type: none">• EGM• Determination of the exercise price of the Warrants• Announcement to Bursa Securities on the Entitlement Date |
| Mid-January 2023 | Entitlement Date |
| Early February 2023 | <ul style="list-style-type: none">• Listing of and quotation for the Warrants• Completion of the Proposed Bonus Issue of Warrants |

11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue of Warrants, our Company does not have any other corporate exercises which have been announced but are pending completion as at the LPD.

12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor for the purpose of considering and if thought fit, passing the ordinary resolution, with or without any modifications, to give effect to the Proposed Bonus Issue of Warrants.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of our share registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The completion and lodgement of the Proxy Form shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

13. FURTHER INFORMATION

Shareholders are advised to refer to the appendix as set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
VERSATILE CREATIVE BERHAD

TAN SRI DATO' SERI MOHD SHARIFF BIN OMAR
Chairman, Independent Non-Executive Director

1. RESPONSIBILITY STATEMENT

Our Board has seen and approved the contents of this Circular, and the Directors collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

2. CONSENT AND DECLARATION OF CONFLICT IN INTEREST

Affin Hwang IB, being the Principal Adviser to our Company for the Proposed Bonus Issue of Warrants, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Affin Hwang IB is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser to our Company for the Proposed Bonus Issue of Warrants.

3. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group, or of any facts likely to give rise to any such proceedings which might materially or adversely affect our Group's business or financial position.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2022 (being the latest unaudited quarterly results publicly available), our Board is not aware of any material commitments or contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business or financial position.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Company's registered office at No. 808, Jalan 17/24, 46400 Petaling Jaya, Selangor Darul Ehsan during normal office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM of our Company:

- (i) our Constitution;
- (ii) our Group's audited consolidated financial statements for the past 2 FYEs 2021 and 2022 as well as the latest unaudited consolidated quarterly results of VCB for the 6-months financial period ended 30 September 2022;
- (iii) the letter of consent referred to in Section 2 above; and
- (iv) the draft Deed Poll in relation to the Proposed Bonus Issue of Warrants.



VERSATILE CREATIVE BERHAD
(Registration No.: 200301001350 (603770-D))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of Versatile Creative Berhad (“**VCB**” or “**Company**”) will be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor on Friday, 23 December 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 140,049,359 WARRANTS (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN VERSATILE CREATIVE BERHAD (“VCB”) (“VCB SHARES”) HELD BY THE ENTITLED SHAREHOLDERS OF VCB ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)

"**THAT** subject to the approvals of all relevant regulatory authorities being obtained (where applicable), and to the extent permitted by law and the Constitution of the Company, the Board of Directors of the Company (“**Board**”), be and is hereby authorised and empowered to:

- (i) fix the exercise price of the Warrants at a later date and allot and issue up to 140,049,359 Warrants on the basis of 1 Warrant for every 2 existing VCB Shares held by the shareholders whose names appear in the Record of Depositors of the Company as at the close of business at 5:00 p.m. on an entitlement date to be determined and announced later by the Board;
- (ii) enter into and execute a deed poll constituting the Warrants (“**Deed Poll**”) for and on behalf of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company, and with full powers to implement, finalise and give full effect to the Deed Poll;
- (iii) allot and issue such appropriate number of Warrants in accordance with the provisions of the Deed Poll and where required, to fix or to adjust the exercise price and/or the number of the Warrants to be issued (including, without limitation, any additional Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll;
- (iv) allot and issue such appropriate number of new VCB Shares pursuant to the exercise of the Warrants by the holders of the Warrants in accordance with the provisions of the Deed Poll;
- (v) disregard and/or deal with any fractional entitlements that may arise from the Proposed Bonus Issue of Warrants, if any, in such manner as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company;

- (vi) do all acts, deeds and things and to sign and execute, deliver and cause to be delivered for and on behalf of the Company all such documents and/or agreements as may be necessary to give effect to and to complete the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted or imposed by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts, deeds and things for and on behalf of the Company in any manner as the Board may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants; and
- (vii) utilise the proceeds raised from the exercise of the Warrants for such purpose and in such manner as set out in Section 2.6 of the Company's Circular to Shareholders dated 8 December 2022, with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient and in the best interest of the Company, subject to the approval of the relevant authorities (if required).

AND THAT the new VCB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all aspects with the existing VCB Shares, except that such new VCB Shares shall not be entitled to any dividends, rights, allotments and/or other form of distributions, where the entitlement date precedes the date of allotment and issuance of such new VCB Shares arising from the exercise of the Warrants."

BY ORDER OF THE BOARD

MAK CHOOI PENG

(MAICSA 7017931)

(SSM PC No. 201908000889)

Company Secretary

Kuala Lumpur

8 December 2022

Notes:

- (a) *A proxy may but need not be a member of the Company.*
- (b) *The instrument appointing a proxy shall be in writing (in the common seal or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The duly completed Proxy Form must be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting. Provided That in the event member(s) duly executed the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Forms, other than the particulars of the proxy have been duly completed by the member(s).*
- (c) *A member shall be entitled to appoint not more than two (2) proxies to attend, vote and speak at the same meeting.*
- (d) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Depositories Act"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempted authorised nominee refers to an authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.*
- (f) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- (g) *If a member has appointed a proxy to attend a meeting and subsequently, he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.*
- (h) *Only members whose names appear in the Record of Depositors as at 16 December 2022 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.*

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VERSATILE CREATIVE BERHAD
(Registration No. 200301001350 (603770-D))

| | |
|--|---------------------------------|
| No. of ordinary shares held: | |
| CDS Account No.: | |
| Proportion of shareholdings to be represented by proxies | First Proxy % Second Proxy % |
| Contact No.: | 100% |

PROXY FORM

I/We _____ NRIC No./Company No. _____

Tel No. _____ of _____

being a member of **VERSATILE CREATIVE BERHAD**, hereby appoint _____

NRIC No. _____ Tel No. _____ of _____

_____ *and/or failing him,

_____ NRIC No. _____ Tel No. _____

of _____

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting (“**EGM**”) of Versatile Creative Berhad (“**VCB**”) to be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor on Friday, 23 December 2022 at 10:00 a.m. and at any adjournment thereof, in the manner indicated below:

| Ordinary Resolution | FOR | AGAINST |
|----------------------------------|-----|---------|
| Proposed Bonus Issue of Warrants | | |

Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific directions, your proxy(ies) will vote or abstain as he/she thinks fit.

As witness my/our hand(s) this _____ day of _____ 2022

Signature or Common Seal of Member(s)

*Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit.)

Notes:

- (a) A proxy may but need not be a member of the Company.
- (b) The instrument appointing a proxy shall be in writing (in the common seal or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The duly completed Proxy Form must be deposited at the office of the Company’s Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting Provided That in the event member(s) duly executed the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Forms, other than the particulars of the proxy have been duly completed by the member(s).
- (c) A member shall be entitled to appoint not more than two (2) proxies to attend, vote and speak at the same meeting.
- (d) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“Depositories Act”), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

- (e) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempted authorised nominee refers to an authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.*
- (f) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- (g) *If a member has appointed a proxy to attend a meeting and subsequently, he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.*
- (h) *Only members whose names appear in the Record of Depositors as at 16 December 2022 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.*

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AFFIX
STAMP

**THE SHARE REGISTRAR OF
VERSATILE CREATIVE BERHAD**
Company No. 200301001350 (603770-D)

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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Fold this flap for sealing
