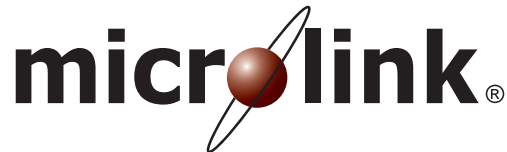


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has perused through Part A of this Circular in respect of the new shareholders’ mandate for additional Recurrent Related Party Transactions and Part B for Propose Allocation of Options to Non-Executive Director of the Company on a limited review basis pursuant to the provision of the Guidance Note 22 of the Ace Market Listing Requirement of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



MICROLINK SOLUTIONS BERHAD

(Company No. 620782-P)
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

**PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE AND NEW SHAREHOLDER’S
MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**

PART B

**PROPOSED ALLOCATION OF LTIP OPTIONS TO THE ELIGIBLE NON-EXECUTIVE
DIRECTOR OF THE COMPANY – DATO’ JAGANATH DEREK STEVEN SABAPATHY
PURSUANT TO THE LONG TERM INCENTIVE PLAN (“LTIP” OR “SCHEME”)**

The ordinary resolutions in respect of the above proposals will be tabled at the 15th Annual General Meeting of the Company. The Notice of the 15th Annual General Meeting of the Company will be held at Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur, on Thursday, 6 September 2018 at 10.00 am together with the Form of Proxy are set out in the Annual Report 2018 of the Company which is despatched together with this Circular.

The Form of Proxy must be lodged at the Registered Office of the Company at 10th Floor, Menara SMI, 6 Lorong P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time set for the 15th Annual General Meeting or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 15th Annual General Meeting should you subsequently wish to do so.

This Circular is dated 31 July 2018

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout and for the purposes of this Circular only:

Act	:	The Companies Act, 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force
AGM	:	Annual General Meeting
Award Date	:	The date on which an offer is made to Eligible Person by the LTIP Committee in writing to participate in the Scheme
Board	:	Board of Directors of MSB
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CNS	:	Continuous Network Services Sdn Bhd (Company No. 495072-P)
DGSB	:	Diversified Gateway Solutions Berhad (Company No. 675362-P)
DGSB Group	:	DGSB and its subsidiary companies
Director(s)	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company, or a chief executive of MSB, its subsidiary or holding company
EPS	:	Earnings Per Share
Eligible Person	:	The employees, Chief Executive Officer, Executive Directors and Non-Executive Directors of the MSB Group who fulfil the criteria for eligibility for participation in the Scheme as set out in the By-Laws
ESOS Offer(s)	:	A written offer made by the LTIP Committee from time to time to an Eligible Person of the LTIP Options in the manner as provided in the By-Laws
ESGP Award(s)	:	A contingent award of new shares made in writing by the LTIP Committee to the Eligible Persons to participate in the Scheme as set out in the By-Laws
Exercise Price	:	The price at which a Grantee shall be entitled to subscribe for new shares upon the exercise of the LTIP Options, as initially determined and as may be adjusted pursuant thereto in accordance with the provision of the By-Laws
Grantee	:	Any Eligible Person who has accepted the LTIP Award in the manner as provided in the By-Laws
Ho Hup	:	Ho Hup Construction Company Berhad (Company No. 14034-W)
Ho Hup Group	:	Ho Hup and its subsidiary companies
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities and includes any amendments thereto
LPD	:	7 July 2018, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (cont'd)

- LTIP Award : Collectively, the ESOS Offer and ESGP Award offered by the LTIP Committee to the Eligible Person to participate in the Scheme in the manner provided in the By-Laws
- LTIP Committee : The Committee appointed by the Board to administer the Scheme in accordance with the By-Laws, comprising such number of Directors and/or senior management personnel of MSB Group identified from time to time
- LTIP Option(s) : The right of a Grantee to subscribe for new shares at the Exercise Price pursuant to an ESOS Offer duly accepted by the Grantee in the manner provided by the By-Laws
- Major Shareholder : means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in the corporation; or
 - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in section 8 of the Act.
- MSB or the Company : Microlink Solutions Berhad (Company No. 620782-P)
- MSB Group or the Group : MSB and its subsidiary companies
- NA : Net Assets
- Omesti : Omesti Berhad (Company No. 530701-T)
- Omesti Group : Omesti and its subsidiary companies
- Option : The right of a Grantee to subscribe for new shares at the Exercise Price pursuant to an ESOS Offer duly accepted by the Grantee in the manner provided by the By-Laws
- Person Connected : In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:
- (a) a family member of the said Person;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
 - (c) a partner of the said Person;
 - (d) a person , or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instruction or wishes of the said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes of the said Person is accustomed or is under an obligation, whether formal or informal, to act;

DEFINITIONS (cont'd)

- (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the said Person
- Proposed Mandate : Proposed renewal of shareholders' mandate for RRPTs approved at the last AGM held on 14 September 2017 and Proposed New Shareholders' Mandate for RRPTs.
- Proposed New Shareholders' Mandate : Proposed new shareholders' mandate for new RRPTs
- Proposed Renewal of Shareholders' Mandate : Proposed renewal of shareholders' mandate for RRPTs
- Related Party(ies) : Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
- Related Party Transaction : A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party
- RRPTs : Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the MSB Group
- RM and sen : Ringgit Malaysia and sen respectively
- Scheme : Long Term Incentive Plan

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PART A

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**



MICROLINK SOLUTIONS BERHAD

(Company No. 620782-P)

(Incorporated in Malaysia)

Registered Office:

10th Floor, Menara SMI
6 Lorong P. Ramlee
50250 Kuala Lumpur

31 July 2018

Board of Directors

YABhg. Tun Arifin Bin Zakaria (*Independent Non-Executive Chairman*)

YBhg. Dato' Jaganath Derek Steven Sabapathy (*Non-Independent Non-Executive Director*)

Mr Monteiro Gerard Clair (*Executive Director*)

Mr Tai Keat Chai (*Independent Non-Executive Director*)

Mr Martin Chu Leong Meng (*Independent Non-Executive Director*)

Ms Mah Xian-Zhen (*Non-Independent Non-Executive Director*)

To: The Shareholders of Microlink Solutions Berhad

Dear Sir / Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

- 1.1 At the 14th AGM held on 14 September 2017, the shareholders of the Company approved, *inter alia*, the shareholders' mandate for the Company and/or its subsidiaries to enter into RRPTs. The said mandates shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 15th AGM of the Company, unless renewal is obtained.
- 1.2 In connection thereto, the Board of MSB had on 4 July 2018 announced its intention to seek shareholders' approval for the Proposed Mandate.
- 1.3 The purpose of this Circular is to provide you with the relevant information on the Proposed Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming 15th AGM of the Company. The Notice of 15th AGM is set out in the Annual Report 2018. The extract of ordinary resolution on the Proposed Mandate to be tabled at the MSB's 15th AGM is enclosed together with this Circular.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR, TOGETHER WITH THE APPENDIX CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED MANDATE.

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2. DETAILS OF THE PROPOSED MANDATE

2.1 The Proposed Mandate

Rule 10.08 of the Listing Requirements stipulates the obligations of a listed corporation to comply with in relation to Related Party Transactions. However, pursuant to Rule 10.09(2) of the Listing Requirements, a listed corporation may seek a mandate from shareholders in respect of RRPTs, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Rule 10.09(1) of the Listing Requirements.
- (c) a circular to shareholders which includes information as may be prescribed by Bursa Securities is issued by the listed corporation for the shareholders' mandate;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected with a Director or Major Shareholder; and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transaction. An interested Director or interested Major Shareholder must ensure that Person Connected with him abstain from voting on the resolution approving the transactions; and
- (e) an immediate announcement is made to Bursa Securities when the actual value of a RRPT entered into by the listed corporation, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and the announcement must include the information as may be prescribed by Bursa Securities.

Where a listed corporation has procured a shareholders' mandate in respect of RRPTs, the provisions under Rule 10.08 of the Listing Requirements will not apply to the RRPTs which are comprised in the said mandate.

The Proposed Mandate, if approved by the shareholders of the Company at the forthcoming 15th AGM, is subject to annual renewal and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming 15th AGM at which the Proposed Mandate is passed, at which time such mandate will lapse, unless by a resolution passed at the meeting, the authority for the Proposed Mandate is renewed;
- (b) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

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2.2 Principal activities of the MSB Group

MSB is principally involved in investment holding and provision of research and development on information technology solutions to the financial services industry. The principal activities of the subsidiary companies within the MSB Group as at the LPD are as follows:

Name of Company	Effective Equity Interest %	Principal Activities
<u>Subsidiaries of MSB</u>		
Microlink Systems Sdn Bhd (“MSSB”)	100.00	Provision of information technology solutions to the financial services industry and dealing in related products
CA IT Infrastructure Solutions Sdn Bhd	100.00	Trading and marketing of computer software programs and products
CSA Servis (M) Sdn Bhd (“CSAS”)	100.00	Investment holding and provision of computer repair and maintenance service, supply of computer parts, accessories, computers and peripherals
Microlink Innovation Sdn Bhd	100.00	Research and development of information technology solution for the financial services industry
Omesti Innovation Lab (Malaysia) Sdn Bhd	100.00	Development of information and multimedia technology and provision of deployment services
Microlink Software Sdn Bhd	51.00	Provision of consultancy services in supporting and modifying banking software
Microlink Worldwide Sdn Bhd (In Liquidation)	100.00	Inactive
<u>Subsidiaries of CSAS</u>		
Formis Computer Services Sdn Bhd	100.00	Provision of computer technology and maintenance of computer hardware and software
First Solution Sdn Bhd	100.00	Distribution and maintenance of computer hardware and software
Applied Business Systems Sdn Bhd	100.00	Distribution and maintenance of computer equipment and software
Formis Systems & Technology Sdn Bhd	100.00	Distribution and maintenance of computer hardware and software
Formis Advanced Systems Sdn Bhd	85.00	Provision of information technology services in terms of hardware, software, consultancy and maintenance.
<u>Subsidiary of MSB holding 80% and MSSB holding 20%</u>		
PT Microlink Indonesia	100.00	Provision of information technology solutions to the financial services industry and dealing in related products
<u>Subsidiary of MSSB</u>		
PT Microlink International Maju	65.00	Provision of computer consulting activities and management of computer facilities.

2.3 Class, nature and estimated aggregate value of the RRPTs

(a) The RRPTs which will be covered in the Proposed Renewal of Shareholders' Mandate are identified in the table below:

Companies within the MSB Group transacting with the Related Party	Nature of Transaction	Transacting Related Party	Interested Directors / Major Shareholders / Person Connected with Directors / Major Shareholders	Estimated aggregate value during the validity period of the Proposed Mandate* (RM)	Estimated aggregated value as disclosed in the previous circular to shareholders dated 31 July 2017 ("Estimated Value") (RM)	Actual value transacted from 14 September 2017 (date of 14 th AGM) to the LPD ("Actual Value") (RM)
MSB Group	Supply of network and software solutions, licenses, network infrastructure, computer hardware and software and maintenance services by Omesiti Group to MSB Group	Omesiti Group	Interested Directors - Monteiro Gerard Clair ("MGC") ⁽⁸⁾ - Mah Xian-Zhen ("MXZ") ⁽⁶⁾ Interested Major Shareholders - Omesiti Holdings Berhad ("OHB") ⁽¹⁾ - Omesiti Berhad ("Omesiti") ⁽⁵⁾	10,000,000	10,000,000	667,899.51
	Supply of network, development of application, software solutions, licenses, network infrastructure, computer hardware and software and maintenance services by MSB Group to Omesiti Group			50,000,000	30,000,000	7,698,033.22
	Provision of network connectivity and bandwidth services and project management services in relation to telecommunications by Omesiti Group to MSB Group			1,000,000	1,000,000	103,611.55
	Provision of administrative and management support, training and other related services by Omesiti Group to MSB Group			3,000,000	2,000,000	507,000.00

2.3 Class, nature and estimated aggregate value of the RRPTs (Cont'd)

(a) The RRPTs which will be covered in the Proposed Renewal of Shareholders' Mandate are identified in the table below:

Companies within the MSB Group transacting with the Related Party	Nature of Transaction	Transacting Related Party	Interested Directors / Major Shareholders / Person Connected with Directors / Major Shareholders	Estimated aggregate value during the validity period of the Proposed Mandate* (RM)	Estimated aggregated value as disclosed in the previous circular to shareholders dated 31 July 2017 ("Estimated Value") (RM)	Actual value transacted from 14 September 2017 (date of 14 th AGM) to the LPD ("Actual Value") (RM)
MSB Group	Renting of office spaces and procurement of other related services such as general maintenance services from Ho Hup Group [@]	Omeiti Group	Interested Directors - MGC ⁽⁸⁾ - MXZ ⁽⁶⁾	750,000	750,000	-
	Provision of corporate secretarial, accounting and payroll services by CNS to MSB Group	CNS ⁽²⁾	Interested Major Shareholders - OHB ⁽¹⁾ - Omeiti ⁽⁵⁾	300,000	300,000	57,038.00
MSB Group	Supply of network and software solutions, network security, storage and network management solutions inclusive of technical / maintenance services by DGSB Group to MSB Group	DGSB Group ⁽³⁾	Interested Directors - MGC ⁽⁸⁾	1,000,000	1,000,000	3,200.00
	Supply of computer hardware, software and services by MSB Group to DGSB Group			5,000,000	5,000,000	134,094.17
	Supply of software solutions, computer hardware and services in relation to human capital management by MIHCM Asia to MSB Group	MIHCM Asia Sdn Bhd (MIHCM Asia) ⁽⁴⁾	Interested Directors - MGC ⁽⁸⁾ - MXZ ⁽⁶⁾	1,000,000	1,000,000	92,592.00

2.3 Class, nature and estimated aggregate value of the RRPTs (Cont'd)

(a) The RRPTs which will be covered in the **Proposed Renewal of Shareholders' Mandate** are identified in the table below:

Companies within the MSB Group transacting with the Related Party	Nature of Transaction	Transacting Related Party	Interested Directors / Major Shareholders / Person Connected with Directors / Major Shareholders	Estimated aggregate value during the validity period of the Proposed Mandate* (RM)	Estimated aggregated value as disclosed in the previous circular to shareholders dated 31 July 2017 ("Estimated Value") (RM)	Actual value transacted from 14 September 2017 (date of 14 th AGM) to the LPD ("Actual Value") (RM)
MSB Group	Renting of office spaces and procurement of other related services such as general maintenance services from Ho Hup Group [@]	Ho Hup Group ⁽⁷⁾	Interested Directors - MGC ⁽⁸⁾ - MXZ ⁽⁶⁾ Interested Major Shareholders - OHB ⁽¹⁾ - Omesti ⁽⁵⁾	600,000	600,000	-

Note : None of the Actual Value of the RRPTs has exceeded the Estimated Value by 10% or more.

* This comprises estimated value of transactions from the date of the forthcoming 15th AGM to the date of the next AGM expected to be held in the month of September 2019, the estimated value is based on information available at the point of estimation. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated aggregate value disclosed above.

@ The tenure of the office spaces will be for a rental period of not more than three (3) years and rental payment will be on a monthly basis. The address and build-up area in sq ft cannot be determined as of now as the property is currently under construction and is expected to be ready for occupancy in 4th quarter of 2018/2019.

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2.3 Class, nature and estimated aggregate value of the RRPTs (Cont'd)

(b) The RRPTs which will be covered in the **Proposed New Shareholders' Mandate** are identified in the table below:

Companies within the MSB Group transacting with the Related Party	Nature of Transaction	Transacting Related Party	Interested Directors / Major Shareholders / Person Connected with Directors / Major Shareholders	Estimated aggregate value during the validity period of the Proposed New Shareholders' Mandate [#] (RM)
MSB Group	Provision of administrative and management support, training and other related services by MSB Group to Omesti Group	Omesti Group	Interested Director - MGC ⁽⁸⁾ - MXZ ⁽⁶⁾ Interested Major Shareholders - OHB ⁽¹⁾ - Omesti ⁽⁵⁾	2,000,000

#

This comprises estimated value of transactions from the date of forthcoming 15th AGM to the date of the next AGM expected to be held in the month of September 2019. The estimated value is based on information available at the point of estimation. Due to the nature of transactions, the actual value of transactions may vary from the estimated aggregate value disclosed above.

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Notes:

- (1) OHB is a wholly-owned subsidiary of Omesti.
- (2) CNS is a wholly-owned subsidiary of Omesti. CNS is principally involved in the provision of corporate secretarial, accounting and payroll services.
- (3) DGSB is a 14.77% associate company of OHB as at the LPD. DGSB Group is principally engaged in the business of investment holding whilst its subsidiary companies are involved in the provision of integrated business solutions based on SAP software and in the business of providing networking solutions and management services to both telecommunication and enterprise organisations as well as in the provision of distribution and maintenance of computer networking, network security storage and network management. Omesti is the common major shareholder of both DGSB and MSB.
- (4) MIHCM Asia is a 33.33% associated company of Continuous Network Advisers Sdn Bhd, which in turn is a wholly-owned subsidiary of Omesti as at the LPD. MIHCM Asia is principally engaged in the distribution, marketing, implementing and maintenance of human capital management software solutions and services in Asia.
- (5) Omesti is the holding company of OHB as at the LPD. Omesti is principally engaged in investment holding activities and the provision of management services, and through its subsidiaries, are engaged in the following:
- (i) distribution and provision of maintenance for hardware and software;
 - (ii) provision of a comprehensive range of tele/data communication and networking solutions and services;
 - (iii) provision of legal, financial and commercial software products as well as services to develop and implement platform-independent software solutions;
 - (iv) provision of integrated business solutions based on SAP software and customised solutions which include, building automation and management, media publication and broadcasting solutions; and
 - (v) provision of customised systems integration of hardware platforms, continuous maintenance and after sales support services.
- (6) MXZ is a daughter of Dato' Mah. MXZ's direct and indirect interests in Omesti and MSB as at the LPD are as set out below:

Name of Company	% of Interest	
	Direct	Indirect
Omesti	2.24	-
MSB	0.07	-

- (7) Ho Hup Group is a related party to MSB Group through a common ultimate Major Shareholder, Omesti. As at the LPD, Ho Hup is a 13.26% associated company of OHB. Ho Hup Group is principally involved in foundation engineering, civil engineering, building contracting works and hire of plant and machinery.
- (8) MGC is a Director of Omesti, MSB and DGSB. His direct and indirect interests in Omesti and MSB as at the LPD are as set out below:

Name	Omesti		MSB		DGSB	
	% of Interest		% of Interest		% of Interest	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
MGC	2.80	15.70	2.16	-	-	-

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2.4 Amounts due and owing to the MSB Group by the Related Parties pursuant to RRPTs

The breakdown of the principal sum and interest for the total outstanding amount due under the RRPTs which exceeded the credit term as at 31 March 2018 are as follows:

No.	Nature of transactions	Amount of Outstanding RRPTs Receivables (RM)			
		≤ 1 year	> 1 to 3 years	> 3 to 5 years	> 5 years
1.	Supply of network and software solutions, licenses, network infrastructure, computer hardware and software and maintenance services by MSB Group to Omesti Group	8,609,990	83,469	-	-
2.	Supply of computer hardware software and services by MSB Group to DGSB Group	80,928	-	-	-

There were no late payment charges imposed to the above outstanding receivables as the Board was of the opinion that the above outstanding receivables were part of normal business operations of the Group and are recoverable. In addition, the Management of the Group is of the view that the Related Parties are long term business partners and have sound credit standing.

As at the LPD, an amount totaling RM34,917.00 out of the above amounts due to the MSB Group by the Related Parties has been recovered.

3. RATIONALE AND BENEFITS FOR THE PROPOSED MANDATE

The RRPTs entered into or to be entered into by the Group are in the ordinary course of business and are intended to meet the business needs of the Group at the best possible terms so as to achieve synergistic benefits within the Group. These transactions are likely to occur with some degree of frequency and may be constrained by the time-sensitive nature and confidentiality of such transactions, thus rendering it impractical to seek shareholders' approval on a case by case basis before entering into such transactions.

By obtaining the Proposed Mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur would not arise. This would substantially reduce the time, administrative requirements, and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The Related Parties which are involved in the RRPTs have proven their reliability and expertise in their respective fields. In certain instances, the Related Parties provide the Group the support for its operational needs, thereby enabling greater efficiency and effectiveness in the utilisation of the Group's resources.

4. REVIEW PROCEDURES

To ensure that the RRPTs are undertaken on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders and that they are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to the shareholders, the Board will ensure that all transactions with Related Parties will only be entered into after taking into consideration the pricing, level and quality of products and support services, and the review procedures as stated below.

The Board has established the following review procedures which are to be carried out for each RRPT:

- (a) Records will be maintained by the Company to capture all RRPTs entered into pursuant to the Proposed Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (b) On a periodic basis, the procedures and guidelines pertaining to RRPTs will be reviewed by the Senior Management of MSB and the Audit and Risk Management Committee to ensure that the terms of the

transactions are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders;

- (c) Where any person(s) has an interest in the RRPTs to be reviewed, such person(s) shall abstain from deliberation and voting in respect of such transactions;
- (d) Disclosure shall be made in the annual report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Mandate during the financial year and in the annual reports for the subsequent financial years during which the shareholders' mandate remains in force. In making such disclosure, a breakdown will be provided of the aggregate value of the RRPTs conducted pursuant to the Proposed Mandate during the current financial year, amongst others, based on the following:
 - (i) the type of the RRPTs made; and
 - (ii) the names of the Related Parties involved in each type of RRPT and their relationship with the MSB Group;
- (e) There are no thresholds for approval of RRPTs within the MSB Group. All RRPTs are subject to the approval of the respective head of business units and/or any one of the Directors of the respective companies; and
- (f) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the MSB Group based on its usual business practices to ensure that the RRPT is not detrimental to the MSB Group and the minority shareholders.

5. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company has reviewed the procedures mentioned in Section 4 above and is of the view that the said procedures are sufficient to ensure that the RRPTs are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The MSB Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. These procedures and processes will be reviewed annually or as and when necessary.

6. CONDITION FOR THE PROPOSED MANDATE

The Proposed Mandate is conditional upon approval being obtained from the shareholders of MSB at the forthcoming 15th AGM.

7. FINANCIAL EFFECTS

The Proposed Mandate does not have any effect on the issued and paid-up share capital and Major Shareholders' shareholdings of MSB and is not expected to have any material effect on the consolidated earnings and net assets of MSB.

8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND PERSON CONNECTED WITH THEM

The direct and indirect shareholdings of the interested Directors, namely MGC and MXZ (“Interested Directors”), interested Major Shareholders, namely OHB and Omesti (“Interested Major Shareholders”) in MSB as at the LPD are as set out below:

Directors and Major Shareholders	Shareholdings in MSB			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
MGC	3,613,647	2.16	-	-
MXZ	118,666	0.07	-	-
<u>Major Shareholders</u>				
OHB	99,221,793	59.28	-	-
Omesti	-	-	99,221,793 ⁽¹⁾	59.28

Notes:

⁽¹⁾ Deemed interest by virtue of OHB being a wholly-owned subsidiary of Omesti pursuant to Section 8 of the Act.

The Interested Directors have abstained and will continue to abstain from Board deliberations and voting pertaining to the Proposed Mandate.

The Interested Directors and the Interested Major Shareholders will abstain from voting in respect of their direct and indirect shareholdings on the Proposed Mandate at the forthcoming 15th AGM.

In addition, the Interested Directors and the Interested Major Shareholders have undertaken that they will ensure that Person Connected with them will also abstain from voting in respect of their direct and indirect shareholdings on the resolution, deliberating or approving the Proposed Mandate at the forthcoming 15th AGM.

Save as aforesaid, none of the other Directors or Major Shareholders or Person Connected with them has any interest direct or indirect in the Proposed Mandate.

9. BOARD’S RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed Mandate, is of the opinion that the Proposed Mandate is in the best interest of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at the forthcoming 15th AGM.

10. AGM

The Notice of 15th AGM to consider and if thought fit, passing the ordinary resolution pertaining to the Proposed Mandate as set out herein is also enclosed in the Annual Report 2018. The 15th AGM will be held on Thursday, 6 September 2018 at 10.00 a.m. at Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur.

If you are unable to attend and vote in person at the 15th AGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Company’s Registered Office at 10th Floor, Menara SMI, 6 Lorong P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time for the 15th AGM.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the 15th AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders of MSB are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
MICROLINK SOLUTIONS BERHAD

Tai Keat Chai
Independent Non-Executive Director

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PART B

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED ALLOCATION OF LTIP OPTIONS TO THE ELIGIBLE NON-EXECUTIVE
DIRECTOR OF THE COMPANY – DATO' JAGANATH DEREK STEVEN SABAPATHY
PURSUANT TO THE LONG TERM INCENTIVE PLAN (“LTIP” OR “SCHEME”)**



MICROLINK SOLUTIONS BERHAD

(Company No. 620782-P)

(Incorporated in Malaysia)

Registered Office:

10th Floor, Menara SMI
6 Lorong P. Ramlee
50250 Kuala Lumpur

31 July 2018

Board of Directors

YABhg. Tun Arifin Bin Zakaria (*Independent Non-Executive Chairman*)

YBhg. Dato' Jaganath Derek Steven Sabapathy (*Non-Independent Non-Executive Director*)

Mr Monteiro Gerard Clair (*Executive Director*)

Mr Tai Keat Chai (*Independent Non-Executive Director*)

Mr Martin Chu Leong Meng (*Independent Non-Executive Director*)

Ms Mah Xian-Zhen (*Non-Independent Non-Executive Director*)

To: The Shareholders of Microlink Solutions Berhad

Dear Sir / Madam,

PROPOSED ALLOCATION OF LTIP OPTIONS TO THE ELIGIBLE NON-EXECUTIVE DIRECTOR OF THE COMPANY – DATO' JAGANATH DEREK STEVEN SABAPATHY PURSUANT TO THE LONG TERM INCENTIVE PLAN ("LTIP" OR "SCHEME") OF THE COMPANY ("PROPOSED ALLOCATION")

1. INTRODUCTION

On 4 July 2018 MSB had announced to allocate and grant of LTIP options to the eligible Non-Executive Director of the Company, Dato' Jaganath Derek Steven Sabapathy pursuant to the LTIP of the Company.

The purpose of this Circular is to provide you with the relevant information on the Proposed Allocation and to seek your approval on the ordinary resolution to be tabled as Special Business at the forthcoming 15th AGM to be held on Thursday, 6 September 2018.

2. DETAILS OF THE PROPOSED ALLOCATION

The establishment of LTIP was approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 17 October 2014. This LTIP was implemented on 27 October 2014 for a period of five (5) years. The LTIP was administered by LTIP Committee comprising of Directors and senior management personnel appointed by the Board, in accordance with the terms of the By-Laws.

Pursuant to the Scheme, the Company is allowed to offer and grant LTIP options to Eligible Person who meet the criteria of eligibility for participation in the Scheme to subscribe for new Shares in accordance with the provisions of the By-Laws.

Dato' Jaganath Derek Steven Sabapathy was appointed as Non-Independent Non-Executive Director of the Company on 20 October 2017. The Proposed Allocation is pursuant to his entitlement to participate in the LTIP by virtue of his position as Director of the Company. Accordingly, the Maximum Allowable Allotment to him would be 600,000 LTIP options, subject to the approval of the shareholders.

2.1 Salient Terms of the By-Laws of LTIP

2.1.1 Maximum Number of Shares Available Under the Scheme

- i. The aggregate maximum number of new Shares which may be made available under the Scheme shall not in aggregate exceed twenty percent (20%) of the issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the Scheme.
- ii. In the event the maximum number of new Shares granted under the Scheme exceeds in aggregate twenty percent (20%) of the issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own Shares pursuant to Section 127 of the Companies Act, 2016 or the Company undertaking any corporate proposal and thereby diminishing the issued and paid-up share capital of the Company, then such LTIP Awards granted prior to the adjustment of the issued and paid-up share capital (excluding treasury shares, if any) of the Company shall remain valid and exercisable in accordance with the By-Laws. However, in such a situation no further LTIP Awards shall be made by the LTIP Committee unless the total number of Shares to be issued under the Scheme falls below twenty percent (20%) of the issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the Scheme as provided in By-Law.
- iii. The Company will keep available sufficient unissued Shares to satisfy all outstanding LTIP Awards throughout the duration of the Scheme.

2.1.2 Eligibility

In respect of a Non-Executive Director, Executive Director or Chief Executive Officer, they must fulfil the following criteria as at the Award Date:

- i. he/she is at least eighteen (18) years of age on the Award Date; and
- ii. he/she has been appointed as a Non-Executive Director, Executive Director or Chief Executive Officer of our Company or any company in the Group; and
- iii. specific allocation of new Microlink Shares to the Non-Executive Director, Executive Director or Chief Executive Officer of our Company under the Scheme must have been approved by the shareholders of MSB in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the Scheme.

2.1.3 Exercise Price

The Exercise Price of each Share comprised in any ESOS Option shall be subject always to the provisions of By-Law 22, be as follows:

- i. A priced to be determined by the Board upon recommendation of the LTIP Committee based on the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding the Award Date of the Option with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme;
- ii. The price so determined shall not less than the par value of the Shares; and
- iii. The Exercise Price as determined by the Board upon recommendation of the LTIP Committee shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 22.

2.1.4 Rights attaching to the Shares and LTIP Awards

The new Shares to be allotted and issued upon the exercise of any ESOS Options granted or vesting of any ESGP Awards under the Scheme will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up Shares of the Company, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions which may be declared, made or paid, the Entitlement Date of which is prior to the date on which new Shares are:

- i. credited into the CDS Accounts of the respective Grantees pursuant to the exercise of Options under the ESOS; or
- ii. credited into the CDS Accounts of the respective Grantees upon vesting under the ESGP.

The new Shares will be subject to the provisions of the Articles of Association of the Company.

The LTIP Awards shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his/her unexercised Options and/or unvested Shares.

2.1.5 Retention Period

The new Shares allotted and issued to a Non-Executive Director shall be subject to a one (1) year retention period after the allotment. The Non-Executive Grantee should note that the Shares are intended for him/her to hold as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

3. RATIONALE

The Proposed Allocation is in recognition of Non-Executive Director's valued contribution through the provision of strategic directions and the maintenance of good corporate governance for the benefit of the Group. Therefore, the Proposed Allocation will enable the Non-Executive Director to participate in the continued growth and success of the Group and essentially rewards his valued contributions to the Group.

4. FINANCIAL EFFECTS OF THE PROPOSED ALLOCATION

4.1 Share Capital and Substantial Shareholders' Shareholding

The Proposed Allocation is not expected to have any immediate effect on the existing issued and paid-up share capital of the Company. The paid-up ordinary share capital of MSB will increase progressively depending on the number of new Microlink Shares which may need to be issued in connection with the exercise of LTIP options.

The Proposed Allocation is not expected to have any immediate effect on the substantial shareholders' percentage of shareholding in the Company until and unless new Microlink Shares are issued in connection with the exercise of the LTIP options. Any potential effect on the substantial shareholders' shareholdings in the Company would depend on the number of new Microlink Shares issued at the relevant point in time.

4.2 NA and Gearing

The Proposed Allocation will not have an immediate effect on the consolidated NA, NA per Microlink Share and gearing of Microlink until such time that new Microlink Shares are issued in satisfaction of LTIP options exercised pursuant to the Proposed Allocation. Any potential effect on the consolidated NA per share will depend on the number of new Microlink Shares to be issued which can only be determined at the point of the exercise of LTIP options and the Exercise Price.

The consolidated NA per share immediately following the exercise of the LTIP options is expected to increase if the Exercise Price exceeds the consolidated NA per share at the point of exercise of the LTIP options and conversely is expected to decrease if the Exercise Price is below the consolidated NA per share at the point of exercise of the LTIP options.

4.3 Earnings

The Proposed Allocation is not expected to have any immediate effect on the earnings of the Group. With the adoption of Malaysian Financial Reporting Standard 2 on Share Based Payment (“**MFRS 2**”) as issued by the Malaysian Accounting Standards Board, the potential cost of awarding the LTIP Awards under the Proposed Allocation will need to be measured at fair value on the date of granting the respective LTIP Awards and recognised as an expense in the statement of comprehensive income over the vesting period of such LTIP Awards. The said expense is an accounting treatment and there will be no cash outflow.

As such, the potential effect of the Proposed Allocation on the future earnings of the Group, as a consequence of the recognition of the expense at each date of granting the respective LTIP Awards, the quantum of which cannot be determined at this juncture as it is dependent on various factors which may include among others, the Exercise Price; the current price of Microlink Shares; the volatility of the Microlink Share price, in affecting the fair value of the LTIP Awards granted under the Proposed Allocation.

4.4 Convertible Securities

As at LPD, save for 11,786,400 outstanding LTIP options pursuant to the Scheme, the Company does not have any other convertible securities in issue. The Proposed Allocation will not result in any adjustment to the Exercise Price and number of existing LTIP options of the Company.

5. APPROVALS REQUIRED

The Proposed Allocation is subject to the approval of the shareholders of MSB and any other relevant authorities, if required.

6. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON CONNECTED TO THEM

Dato’ Jaganath Derek Steven Sabapathy is deemed interested in the Proposed Allocation in view of his eligibility for the LTIP options to be allocated pursuant to the LTIP By-Laws. Accordingly, Dato’ Jaganath Derek Steven Sabapathy has abstained and will continue to abstain from all deliberations and voting at the Board Meetings of the Company in respect of his entitlement in the Proposed Allocation.

He will also abstain from voting in relation to his respective direct and/or indirect shareholdings, if any, on the resolution pertaining to the Proposed Allocation at the forthcoming 15th AGM.

Dato’ Jaganath Derek Steven Sabapathy has undertaken that he will ensure that the Person Connected to him shall abstain from voting on the resolution deliberating or approving the Proposed Allocation at the forthcoming 15th AGM in respect of his direct and/or indirect shareholdings in the Company.

Dato’ Jaganath Derek Steven Sabapathy holds a direct interest of 2,420,500 Microlink Shares as at LPD.

Save as disclosed above, none of the other Directors and/or Major Shareholder of the Company and its subsidiaries or person connected to them has any interest, direct or indirect, in the Proposed Allocation.

7. DIRECTORS RECOMMENDATION

The Board (except for Dato’ Jaganath Derek Steven Sabapathy), having considered all aspects of the Proposed Allocation including but not limited to the rationale and financial effects of the Proposed Allocation, is of the opinion that the Proposed Allocation are in the best interest of the Company and the Group. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Allocation to be tabled at the forthcoming 15th AGM.

8. AGM

The ordinary resolution to approve the Proposed Allocation is set out as Special Business in the Notice of 15th AGM contained in the Annual Report 2018 of the Company, which is being sent to you together with this Circular. The 15th AGM of the Company will be held at Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur, on Thursday, 6 September 2018 at 10.00 am.

If you wish to appoint a proxy to attend and vote on your behalf, you are requested to complete, sign and return the Form of Proxy enclosed in the Company's Annual Report in accordance with the instructions printed thereon as soon as possible, so as to arrive at the Registered Office at 10th Floor, Menara SMI, 6 Lorong P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time set for the 15th AGM. The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the meeting if you are able to do so.

9. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
MICROLINK SOLUTIONS BERHAD

Tai Keat Chai
Independent Non-Executive Director

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of MSB who collectively and individually accept full responsibility for the accuracy and correctness of the information contained herein and confirm that, after making all reasonable enquiries 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 false or misleading.

2. MATERIAL LITIGATION

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

3. MATERIAL CONTRACTS

As at the LPD, neither MSB nor its subsidiaries has entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past two (2) years preceding the date of this Circular.

4. MATERIAL COMMITMENTS

As at LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group.

5. CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which upon becoming enforceable, may have a material impact on the financial results/position of the Group:

	RM
Corporate guarantee given to banks for credit facilities granted to subsidiary companies	50,090,000

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at 10th Floor, Menara SMI, 6 Lorong P. Ramlee, 50250 Kuala Lumpur, during office hours from Mondays to Fridays (except public holidays) from the date of this Circular until the date of the 15th AGM:

- (i) Memorandum and Articles of Association of MSB;
- (ii) The audited consolidated financial statements of MSB for the past two (2) financial years ended 31 March 2017 and 31 March 2018; and
- (iii) By-Laws of LTIP.



MICROLINK SOLUTIONS BERHAD

(Company No. 620782-P)

(Incorporated in Malaysia)

EXTRACT RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING 15TH ANNUAL GENERAL MEETING

ORDINARY RESOLUTION 7

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in Section 2.3 of the Circular to Shareholders dated 31 July 2018 subject to the following:

- i) the transactions are of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholders' mandate in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the Act) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and carry out such acts and actions as they may consider expedient or necessary to give effect to the shareholders' mandate.”

ORDINARY RESOLUTION 8

PROPOSED ALLOCATION OF LTIP OPTIONS TO THE ELIGIBLE NON-EXECUTIVE DIRECTOR OF THE COMPANY - DATO' JAGANATH DEREK STEVEN SABAPATHY PURSUANT TO THE LONG TERM INCENTIVE PLAN (“LTIP” OR “SCHEME”) OF THE COMPANY

“THAT conditional upon the approval from the shareholders of the Company and all other relevant authorities (if required) being obtained, the Board (save for the director which the LTIP options is to be granted to) be and is hereby authorised to, at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provision of the By-Laws governing the Scheme, to offer and grant 600,000 of LTIP options to Dato' Jaganath Derek Steven Sabapathy, being the Non-Independent Non-Executive Director of the Company, the LTIP options which gives the right to subscribe for new shares of the Company at a prescribed subscription price upon the vesting of the LTIP options under the Scheme.”