

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad 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.

This Circular has been reviewed by AmInvestment Bank Berhad, who is the Principal Adviser and Placement Agent to Microlink Solutions Berhad for the Proposed Restricted Issue (as defined herein).



**MICROLINK SOLUTIONS BERHAD**  
(Registration No: 200301018362 (620782-P))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RESTRICTED ISSUE OF UP TO 56,731,470 NEW ORDINARY SHARES IN MICROLINK SOLUTIONS BERHAD ("MICROLINK" OR "COMPANY") ("RESTRICTED SHARES") ("PROPOSED RESTRICTED ISSUE")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser and Placement Agent*



**AmInvestment Bank**

**AmInvestment Bank Berhad**  
(Registration No: 197501002220 (23742-V))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions in respect of the above proposal will be tabled at the Extraordinary General Meeting ("**EGM**") of the Company which will be held on Friday, 27 November 2020 at 10.00 a.m. as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur. The Notice of the EGM together with the Form of Proxy are enclosed in this Circular.

You are encouraged to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities. If you are unable to participate in the online EGM, you may appoint a proxy or proxies to participate and vote on your behalf. The Form of Proxy may be submitted by hand or by post to the Registered Office of the Company at Ho Hup Tower – Aurora Place, 2-07-01, Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur or by email to [osem@quadrantbiz.co](mailto:osem@quadrantbiz.co) or by fax to (603) 9779 1701/02 not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall be treated as invalid. You may also submit the Form of Proxy electronically via the Portal at <https://agm.omesti.com> no later than on Thursday, 26 November 2020 at 10.00 a.m.. The lodging of the Form of Proxy shall not preclude you from participating in the online EGM should you subsequently wish to do so.

Please follow the procedures provided in the Administrative Guide for our EGM which is available on our Company's website at [www.microlink.com.my](http://www.microlink.com.my)

Last date and time for lodging the Form of Proxy : Thursday, 26 November 2020 at 10.00 a.m.  
Date and time of the EGM : Friday, 27 November 2020 at 10.00 a.m.

This Circular is dated 12 November 2020

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**DEFINITIONS**

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<b>Act</b>	:	Companies Act, 2016, as amended from time to time including any re-enactment thereof
<b>AmInvestment Bank</b>	:	AmInvestment Bank Berhad (Registration No: 197501002220 (23742-V))
<b>Board</b>	:	Board of Directors of Microlink
<b>BSS</b>	:	Business support system
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Registration No: 200301033577 (635998-W))
<b>Circular</b>	:	This circular dated 12 November 2020 in relation to the Proposed Restricted Issue
<b>CMSA</b>	:	Capital Markets and Services Act 2007
<b>Completed Private Placement</b>	:	A private placement undertaken by Microlink, which was completed on 19 December 2019 with the listing of and quotation for 16,736,800 Microlink Shares on the ACE Market of Bursa Securities
<b>Dato' Seri Khairi</b>	:	Dato' Seri Mohd Khairi bin Mat Jahya
<b>Dato' Seri Khairi Group</b>	:	Collectively, Dato' Seri Khairi and/or person(s) connected to him (as defined in the Listing Requirements)
<b>Director(s)</b>	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
<b>EGM</b>	:	Extraordinary general meeting
<b>EPS</b>	:	Earnings per share
<b>ESG</b>	:	Employee share grant awarded to eligible employees and directors under the ESGP pursuant to the LTIP to subscribe for new Microlink Shares
<b>ESGP</b>	:	Employee share grant plan
<b>ESOS Options</b>	:	The right to subscribe for new Microlink Shares pursuant to LTIP in the manner provided by the By-Laws governing the LTIP
<b>FYE</b>	:	Financial year ended/ending, as the case may be
<b>Huawei</b>	:	Huawei Technologies (Malaysia) Sdn Bhd (Registration No: 200101010193 (545949-D))
<b>ICT</b>	:	Information communication technology
<b>Initial Issue Price</b>	:	Initial issue price of RM0.70 per Restricted Share
<b>IT</b>	:	Information technology
<b>LBT</b>	:	Loss before taxation

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**DEFINITIONS (*cont'd*)**

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<b>Letter of Confirmation</b>	: The written confirmation dated 28 August 2020 from Dato' Seri Khairi to confirm, inter-alia, that the proposed subscription will be undertaken by Dato' Seri Khairi Group and that Dato' Seri Khairi Group is agreeable to subscribe for up to 50,000,000 Restricted Shares at the issue price of RM0.90 per Restricted Share.  The Letter of Confirmation is supplemented by the letter from our Company dated 12 October 2020 informing Dato' Seri Khairi of the Proposed Variation and Dato' Seri Khairi had on even date confirmed that Dato' Seri Khairi Group is agreeable to the Proposed Variation.
<b>Letter of Intent</b>	: A letter dated 29 June 2020 from Dato' Seri Khairi expressing his interest to subscribe for up to 56,731,470 Restricted Shares at the Initial Issue Price
<b>Listing Requirements</b>	: ACE Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 26 October 2020, being the latest practicable date prior to the printing of this Circular
<b>LTIP</b>	: Long Term Incentive Plan of our Company which was implemented on 27 October 2014 with an initial duration of five (5) years until 26 October 2019 (which had subsequently been extended for another five (5) years until 26 October 2024)
<b>Market Day(s)</b>	: Any day(s) between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
<b>Microlink or Company</b>	: Microlink Solutions Berhad (Registration No. 200301018362 (620782-P))
<b>Microlink Group or Group</b>	: Collectively, Microlink and its subsidiaries
<b>Microlink Share(s)</b>	: Ordinary share(s) in Microlink
<b>Minimum Scenario</b>	: Up to 55,593,060 Restricted Shares being issued, assuming our Company does not grant any new shares under the ESGP/ ESOS Options until the completion of the Proposed Restricted Issue
<b>Maximum Scenario</b>	: Up to 56,731,470 Restricted Shares being issued, assuming 3,794,700 new shares under the ESGP are granted, vested and allotted, on or prior to the implementation of the Proposed Restricted Issue
<b>NA</b>	: Net assets
<b>Omesti</b>	: Omesti Berhad (Registration No: 200001028094 (530701-T))
<b>Omesti Group</b>	: Collectively, Omesti and its subsidiaries and associated companies
<b>Omesti Holdings</b>	: Omesti Holdings Berhad (Registration No: 199301026262 (281000-K))
<b>PAT</b>	: Profit after taxation
<b>PBT</b>	: Profit before taxation

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**DEFINITIONS (cont'd)**

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<b>Prima Arenaniaga</b>	:	Prima Arenaniaga Sdn Bhd (Registration No: 201601015596 (1186527-K))
<b>Proposed Restricted Issue</b>	:	Proposed restricted issue of up to 56,731,470 Restricted Shares
<b>Proposed Variation</b>	:	Proposed variation to fix the issue price of the Restricted Shares at a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date or RM0.90 per Restricted Share, whichever is higher
<b>Restricted Share(s)</b>	:	New Microlink Share(s) to be issued pursuant to the Proposed Restricted Issue
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>Shareholders</b>	:	Registered holders of Microlink Shares
<b>VWAP</b>	:	Volume weighted average market price

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to “you” in this Circular are to the Shareholders.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that Microlink’s plans and objectives will be achieved.

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**MICROLINK SOLUTIONS BERHAD**  
(Registration No: 200301018362 (620782-P))  
(Incorporated in Malaysia)

**Registered Office**

Ho Hup Tower - Aurora Place, 2-07-01 - Level 7  
Plaza Bukit Jalil, No. 1, Persiaran Jalil 1  
Bandar Bukit Jalil  
57000 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

12 November 2020

**Board of Directors**

Tun Arifin bin Zakaria (*Independent Non-Executive Chairman*)  
Monteiro Gerard Clair (*Executive Director*)  
Dato' Jaganath Derek Steven Sabapathy (*Non-Independent Non-Executive Director*)  
Mah Xian-Zhen (*Non-Independent Non-Executive Director*)  
Tai Keat Chai (*Independent Non-Executive Director*)  
Martin Chu Leong Meng (*Independent Non-Executive Director*)

**To: The Shareholders**

Dear Sir/Madam,

**PROPOSED RESTRICTED ISSUE**

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**1. INTRODUCTION**

On 26 June 2020, AmInvestment Bank, on behalf of our Board, announced that our Company proposes to undertake the proposed restricted issue of up to 56,731,470 Restricted Shares at the Initial Issue Price of RM0.70 per Restricted Share ("**Initial Announcement**").

On 28 August 2020, AmInvestment Bank, on behalf of our Board, announced that our Board had on 28 August 2020 resolved to revise the Initial Issue Price to RM0.90 per Restricted Share.

Further to the Initial Announcement, our Company had on 29 June 2020 received a Letter of Intent from Dato' Seri Khairi to subscribe for up to 56,731,470 Restricted Shares at the Initial Issue Price. Our Board (save for Monteiro Gerard Clair and Mah Xian-Zhen) had on 28 August 2020 proposed to allocate up to 50,000,000 Restricted Shares to Dato' Seri Khairi Group at the issue price of RM0.90 per Restricted Share, subject, inter-alia, to our Company reserving the rights to determine the final allocation of the Proposed Restricted Issue and approval of the Shareholders at the forthcoming EGM of our Company. The determination of the final allocation by our Company and the maximum allocation of up to 50,000,000 Restricted Shares to Dato' Seri Khairi Group is to provide flexibility to Microlink to continue to comply with public shareholding spread requirements for purposes of the Proposed Restricted Issue.

For information purposes, Dato' Seri Khairi is a major shareholder of Prima Arenaniaga (via his 30% shareholdings in Prima Arenaniaga), a 60.00% owned subsidiary of Omesti Holdings, which in turn is the holding company of Microlink. Omesti Holdings is ultimately owned by Omesti.

In view that Monteiro Gerard Clair is a major shareholder and Executive Director of Omesti as well as the Executive Director of Microlink, and Mah Xian-Zhen is a Non-Executive Director of Microlink and Executive Director of Omesti as well as a daughter of Dato' Mah Siew Kwok, who in turn is a major shareholder and Non-Executive Vice-Chairman of Omesti, Monteiro Gerard Clair and Mah Xian-Zhen have voluntarily abstained from our board deliberations and voting in relation to the proposed allocation of Restricted Shares to Dato' Seri Khairi Group.

On 12 October 2020, AmlInvestment Bank, on behalf of our Board, announced the Proposed Variation, where our Board had on 12 October 2020 resolved to determine and fix the issue price of the Restricted Shares at a later date after receiving all relevant approvals for the Proposed Restricted Issue and that the issue price will be fixed at a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date or RM0.90 per Restricted Share, whichever is higher. Our Company had, vide a letter dated 12 October 2020, informed Dato' Seri Khairi of the Proposed Variation and Dato' Seri Khairi had on even date confirmed that Dato' Seri Khairi Group is agreeable to the Proposed Variation.

On 2 November 2020, AmlInvestment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 2 November 2020, granted its approval for the listing of and quotation for up to 56,731,470 Restricted Shares pursuant to the Proposed Restricted Issue on the ACE Market of Bursa Securities, subject to the conditions as disclosed in Section 6 of this Circular.

Further details of the Proposed Restricted Issue are set out in the ensuing sections in this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RESTRICTED ISSUE AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED RESTRICTED ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH ITS APPENDIX BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED RESTRICTED ISSUE TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED RESTRICTED ISSUE**

### **2.1 Details of the Proposed Restricted Issue**

As at the LPD, the issued share capital of Microlink is approximately RM54,850,824 comprising 185,310,200 Microlink Shares.

For information purposes, our Board had on 11 October 2019 resolved and extended its LTIP for a period of five years commencing 27 October 2019 on the same terms and basis stipulated in the By-laws governing the LTIP.

Whilst our Company does not have any outstanding ESG or ESOS Options, granted under the LTIP as at the LPD, our Company estimates that it may grant up to 3,794,700 new shares under the ESGP pursuant to the LTIP, over the next 6 months.

For illustrative purposes, assuming all 3,794,700 new shares under the ESGP pursuant to the LTIP are granted, vested and allotted, on or prior to the implementation of the Proposed Restricted Issue, a maximum number of up to 56,731,470 Restricted Shares, representing approximately 30.00% of the total issued share capital of our Company, shall be issued under the Proposed Restricted Issue.

In respect of the above, where applicable throughout the Circular, the proforma effects of the Proposed Restricted Issue shall be based on the following scenarios:-

- Minimum Scenario** : Up to 55,593,060 Restricted Shares being issued, assuming our Company does not grant any new shares under the ESGP/ ESOS Options until the completion of the Proposed Restricted Issue
- Maximum Scenario** : Up to 56,731,470 Restricted Shares being issued, assuming 3,794,700 new shares under the ESGP are granted, vested and allotted, on or prior to the implementation of the Proposed Restricted Issue

## 2.2 Placement arrangement for the Proposed Restricted Issue

The proposed allocation of the Restricted Shares is as follows:-

Allocation to placee(s)	< -----No of Restricted Shares to be allotted ----- >			
	Minimum Scenario	%	Maximum Scenario	%
(i) Dato' Seri Khairi Group <sup>(a)</sup>	50,000,000	89.94	50,000,000	88.13
(ii) Third party investor(s)	5,593,060	10.06	6,731,470	11.87

**Note:-**

- (a) Any Restricted Shares not allocated to Dato' Seri Khairi Group will be placed out to third party investors.

### (i) Allocation to Dato' Seri Khairi Group

Dato' Seri Khairi Group comprises Dato' Seri Khairi and Al Khairi Group Berhad ("**Al Khairi Group**"). Al Khairi Group is a company controlled by Dato' Seri Khairi.

Dato' Seri Khairi, a Malaysian aged 37, is currently a major shareholder of Prima Arenaniaga, a 60.00% owned subsidiary of Omesti Holdings, which in turn is the holding company of Microlink. Save for his shareholdings in Prima Arenaniaga, he does not hold any directorships or other direct or indirect shareholding in our Company and the holding companies of Microlink.

Dato' Seri Khairi is an entrepreneur and a businessman in various industries including, amongst other, IT services, import and export and real estate development. Dato' Seri Khairi is also a dedicated philanthropist and the Founder and Chairman of Yayasan Mohd Khairi.

For information purposes, the directors of Al Khairi Group are Dato' Seri Khairi, Nik Shazni Farhan bin Nik Mohammad Shah and Humaidi bin Mat Jahya. As at the LPD, the shareholdings of the substantial shareholder of Al Khairi Group are as follows:-

	Direct		Indirect	
	No of shares	%	No of shares	%
Dato' Seri Khairi	396,000	99.00	-	-

Dato' Seri Khairi had confirmed via the Letter of Confirmation that Dato' Seri Khairi Group is agreeable to subscribe for up to 50,000,000 Restricted Shares at RM0.90 per Restricted Share and the subscription of the Restricted Shares by the Dato' Seri Khairi Group will not give rise to any mandatory general offer obligation pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia as well as the subscription of the Restricted Shares will be undertaken on the terms accorded to all investors as determined by our Company, including, inter alia, the payment terms and the issue price of the Restricted Shares.

In addition, Dato' Seri Khairi had via his Letter of Confirmation confirmed, on behalf of Dato' Seri Khairi Group, their sufficiency of financial resources in subscribing for up to 50,000,000 Restricted Shares at the issue price of RM0.90 per Restricted Share.

Our Company had, vide a letter dated 12 October 2020, informed Dato' Seri Khairi of the Proposed Variation and Dato' Sri Khairi had on even date confirmed that Dato' Seri Khairi Group is agreeable to the Proposed Variation.

Our Board had on 4 November 2020 agreed to provisionally allocate 40,000,000 Restricted Shares to Dato' Seri Khairi Group for purposes of complying with the public shareholding spread requirements, which will be allocated equally between Dato' Seri Khairi and Al Khairi Group.

Based on the illustrative issue price of RM0.90 per Restricted Share (being the higher of RM0.88 which is 50% discount to the 5-day VWAP of Microlink Shares up to the LPD of RM1.7676 and RM0.90) AmInvestment Bank has verified the sufficiency of financial resources of Dato' Seri Khairi Group for the purpose of subscribing up to 40,000,000 provisional allocated Restricted Shares.

In this respect, subject to Microlink complying with public shareholding spread requirements and taking into consideration the maximum allocation to Dato' Seri Khairi Group of up to 50,000,000 Restricted Shares, Microlink shall procure proof of financial resources (as may be necessary) from Dato' Seri Khairi Group for any additional Restricted Shares allocated to Dato' Seri Khairi Group in excess of the 40,000,000 provisional allocated Restricted Shares or where the issue price is higher than the illustrative issue price of RM0.90 per Restricted Share, prior to the determination of the final allocation of Restricted Shares by Microlink under the Proposed Restricted Issue.

In the event that our Company is unable to obtain shareholders' approval on the proposed allocation to Dato' Seri Khairi Group, the number of Restricted Shares proposed to be allocated to Dato' Seri Khairi Group shall be placed out to independent third-party investor(s).

**(ii) Allocation to third party investor(s)**

The remaining portion of the Restricted Shares at the issue price to be fixed at a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date or RM0.90 per Restricted Share, whichever is higher, shall be placed out to third party investor(s) to be identified later. The placee(s) shall be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the CMSA.

In addition, such remaining Restricted Shares are not intended to be placed to the following persons in accordance to Rule 6.07(1) of the Listing Requirements:-

- (a) a director, major shareholder or chief executive of Microlink or a holding company of Microlink ("**Interested Person**"); and
- (b) a person connected with the Interested Person.

For information purposes, our Company intends to implement the Proposed Restricted Issue in a single tranche immediately upon obtaining all the necessary approvals for the Proposed Restricted Issue.

### **2.3 Basis and justification of the issue price**

The issue price of the Restricted Shares will be fixed and announced at a later date by our Board after receiving the relevant approvals for the Proposed Restricted Issue, whereby the issue price of the Restricted Shares will be fixed at:-

- (a) a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date; or
- (b) RM0.90 per Restricted Share,

whichever is higher. For illustrative purposes, based on the 5-day VWAP of Microlink Shares up to the LPD of RM1.7676 per Microlink Share, the indicative issue price is RM0.90 per Restricted Share, being the higher of:-

- (a) RM0.8838 which is 50% discount to the 5-day VWAP of Microlink Shares up to the LPD of RM1.7676; and
- (b) RM0.90.

The Initial Issue Price of RM0.70 per Restricted Share was determined by our Board, after taking into consideration the following:-

- (i) the funding requirements of our Group to raise a minimum of RM38.66 million for the purposes set out in Section 2.4 of the Initial Announcement;

In this respect, the Proposed Restricted Issue is a critical fund-raising initiative to enable Microlink to finance its immediate working capital requirement, specifically for its undertaking of the professional services required for the implementation of the Omesti Project (as defined in Section 2.4 of this Circular).

Accordingly, in order to enable Microlink to proceed to negotiate and secure potential interests from the investing public for the Proposed Restricted Issue, our Board had resolved to fix the issue price of the Restricted Shares up front to provide certainty of funding as well as to secure commitment from investors. In this respect, Microlink had, following the Initial Announcement, proceeded to discuss and source for potential placees for purposes of the Proposed Restricted Issue and as at 29 June 2020 had managed to secure placement commitment from Dato' Seri Khairi for an amount of approximately RM39.71 million.

The recent financial performance of our Group up to the Initial Announcement whereby our Group had only recently achieved a profit after taxation of RM6.88 million for the unaudited 9 months period ended 31 December 2019. Prior to the aforesaid period, our Group had only managed to record a PAT of RM1.0 million and RM0.8 million for its FYE 31 March 2019 and 2017 respectively and had recorded a loss after taxation of RM50.6 million for its FYE 31 March 2018. As such, in providing certainty in pricing for the Restricted Shares, it enables investors to better evaluate any potential investments in Microlink, taking into consideration, inter-alia, the current and past financial position of our Group; and

- (ii) the prevailing market conditions and historical market price of Microlink Shares and a discount to the traded market price of Microlink, after taking into consideration the following:-

	Price (RM)	Discount (%)
5 day volume weighted average price up to 25 June 2020	0.7445	5.98%
1 year average market price up to 25 June 2020	0.7188	2.62%
1 year VWAP up to 25 June 2020	0.7804	10.30%

(Source: Bloomberg)

While considering the rationale in determining the Initial Issue Price and the ready place on hand via the Letter of Intent from Dato' Seri Khairi, our Board is also cognisant of the recent share price movement and after much deliberation, our Board has decided to revise the issue price to be fixed at a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date or RM0.90 per Restricted Share, whichever is higher. Our Board is of the view a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date will provide flexibility to accommodate fluctuations in the equity market and at the same time provide certainty on the minimum funds to be raised under the Proposed Restricted Issue, via the floor price of RM0.90.

In addition to the basis set out above, our Board also considered the following factors in arriving at the minimum issue price of RM0.90 per Restricted Share:-

- (a) there are no material developments / contracts that have been secured following the Initial Announcement which is expected to materially influence the share price performance of Microlink;

Following the Initial Announcement, Microlink had on 22 July 2020 entered into a Joint Venture and Shareholders' Agreement with Scicom (MSC) Berhad ("**Scicom**") for the purpose of regulating the conditions for and of a joint venture company, namely, Asian Contact Solutions Sdn Bhd (*formerly known as Asian Contact Centres Sdn Bhd*) ("**JVC**") ("**Proposed JV**"). The purpose of the Proposed JV is to formalise a collaboration between the Parties and to draw upon the skills, expertise, experience and capabilities of each other for the benefit of the joint venture company, to collectively bid for tenders with regard to eGovernment solutions and services in Malaysia.

The issued and paid-up share capital of the JVC is RM10,000 comprising 10,000 ordinary shares, which was then held by Scicom entirely. The Proposed JV involves the transfer of 5,000 ordinary shares in the JVC by Scicom to Microlink at a price of RM1.00 per ordinary share for a total acquisition price of RM5,000 only ("**Transfer of JVC Shares**"). Pursuant to the Proposed JV, Microlink and Scicom will each hold 5,000 ordinary shares in the JVC, representing 50% shareholding in the JVC.

Microlink had on 21 October 2020 announced that the Transfer of JVC Shares had been completed on even date and the JVC is now a 50%-owned joint venture company of our Company.

Notwithstanding the above, as at the LPD, no awards have been secured and the quantum of the contracts together with any further investment/capital outlay from Microlink arising therefrom have yet to be determined at this juncture.

Subsequently, Microlink had on 7 August 2020 received a letter of award from Pos Malaysia Berhad ("**Pos Malaysia**") for the provision of services in relation to the development of a digital solution platform and innovation channel for the operational improvement and commercial benefit for Pos Malaysia for an initial duration of 9 months ("**Term**") ("**Pos Malaysia Award**"). Our Company and Pos Malaysia have agreed to a revenue share mechanism (for the last 6 months of the Term) whereby our revenue entitlement shall be 12% of Pos Malaysia's nett revenue generated from the usage of the software.

As part of the Pos Malaysia Award, Microlink shall perform the following services:-

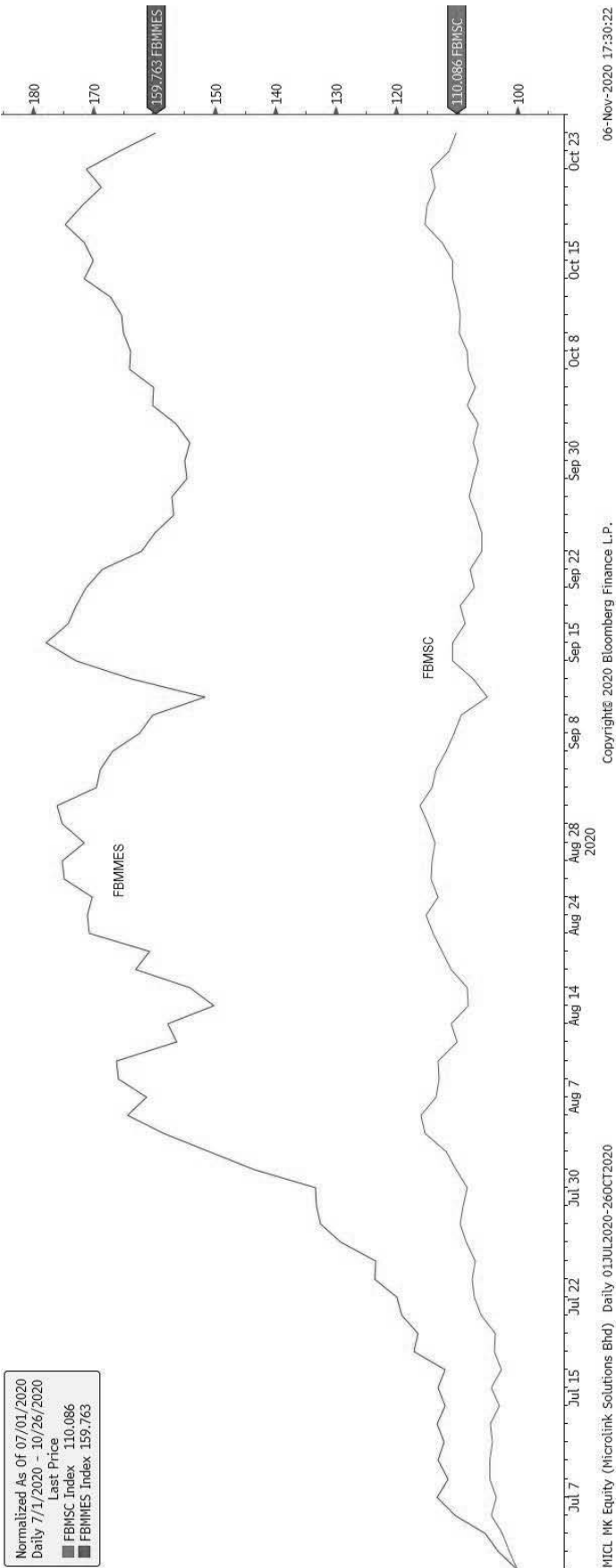
- (i) design and develop a digital solution platform and innovation channel platform to enable Pos Malaysia's customers to subscribe/procure or renew insurance policies via a digital channel from relevant insurance providers ("**Software**") as contained in Pos Malaysia's existing system or third-party systems;
- (ii) install and integrate the Software with Pos Malaysia's digital channel; and
- (iii) Pilot Go-Live of the Software.

The first 3 months of the Term shall consist of the development and deployment stage and the subsequent 6 months of the Term shall be the Pilot Go-Live stage. The services had commenced from the date of acceptance of the Pos Malaysia Award on 10 August 2020 and is expected to be completed by May 2021. As at the LPD, the Pos Malaysia Award is approximately 55% completed.

As stipulated above, the Pos Malaysia Award is on a revenue sharing basis from the usage of the software. As such our Company's total revenue entitlement can only be determined at the end of the Term.

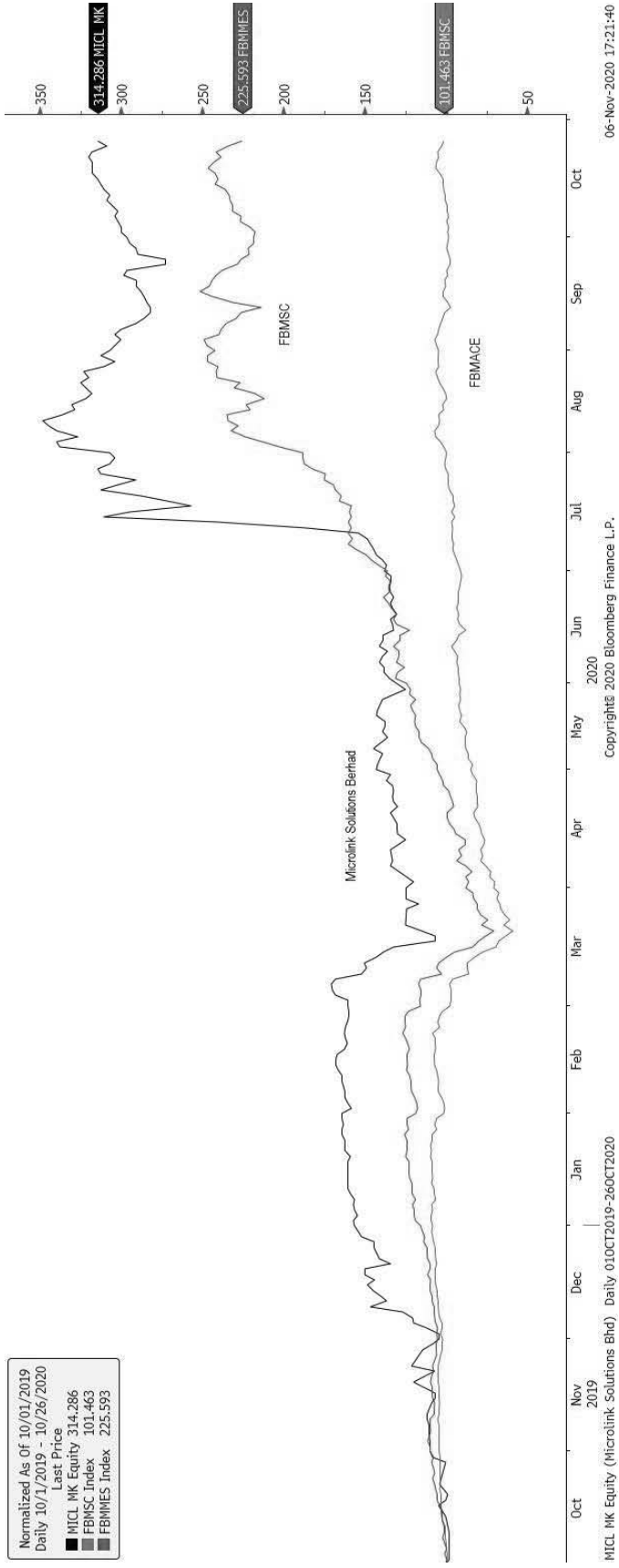
(b) recent volatility and interests in Bursa Malaysia Small Cap Index (“FBMSC”) and Bursa Malaysia ACE Index (“FBMACE”);

Our Board further noted that since July 2020, the FBMSC has been volatile and bullish. For illustration purposes, the chart below shows the movement of the FBMSC and FBMACE for the past 3 months up to LPD:-



(Source: Bloomberg)

In line with the upward trajectory of the FBMSC and FBMAACE, Microlink Shares have also recorded a similar upward trend. The price movement of Microlink Shares for the past 1 year is as follows:-



(Source: Bloomberg)

Our Company is of the view that the current upward share price trend of Microlink may be largely due to price momentum observed under FBMSC and FBMAACE in general and potential investors may defer in investing in the Proposed Restricted Issue at current market price levels of Microlink thus delaying the ability for Microlink to raise the proceeds required in an expeditious manner.

(c) Relative valuation of Microlink Shares vis-à-vis comparable peers

Further, our Board has also considered certain valuation parameters, i.e. price to earnings (“P/E”) ratio, enterprise value (“EV”) / earnings before interest, taxes, depreciation and amortisation (“EBITDA”) ratio and price to book (“P/B”) ratio of selected comparable companies as at the LPD as follows:-

Selected comparable companies <sup>(1)</sup>	Principal activities	P/E ratio (x) <sup>(2)</sup>	EV/EBITDA ratio <sup>(2)</sup>	P/B ratio (x) <sup>(3)</sup>	% change in share price <sup>(4)</sup>	Beta <sup>(4)(5)</sup>
Rexit Berhad	Provision of information technology solutions and related services which includes hardware sales and software-based activities	17.50	2.25	3.35	17.65	0.75
Radiant Globaltech Berhad	Provision of retail technology solutions and investment holding	33.64	15.98	2.94	10.77	0.46
Willowglen MSC Berhad	Research, development and supply of computer-based control systems	14.05	5.65	1.28	(11.34)	0.63
<b>Average</b>		<b>15.78<sup>(6)</sup></b>	<b>3.95<sup>(6)</sup></b>	<b>2.52</b>	<b>5.69</b>	<b>0.61</b>
Microlink (based on the closing price of RM1.76 as at the LPD)		28.48	19.83	7.77	134.67	1.02
Microlink (based on the minimum issue price of RM0.90 per Restricted Share)		14.56	9.92	3.95	-( <sup>(7)</sup> )	-( <sup>(7)</sup> )

(Source: Bloomberg)

**Notes:-**

- (1) The comparable companies set out above are not exhaustive and may not necessarily be directly comparable to Microlink in terms of the composition of business activities, geographical area, scale of operations, track record, financial performance, risk profile, future prospects and other criteria.
- (2) Based on the latest audited financial statement and/or latest unaudited 12-months financial results, whichever is the latest.
- (3) Based on the latest unaudited quarterly results.
- (4) Calculated based on approximately 4-months period up to the LPD.
- (5) Beta is a measure of the volatility of a security compared to the FBM KLCI as a whole.
- (6) Excluding the P/E ratio of Radiant Globaltech Berhad which is deemed as outlier.
- (7) Not applicable as both percentage change in share price and Beta were based on the historical share price movement which was extracted from Bloomberg whilst RM0.90 represents the minimum issue price per Restricted Share.

At current market price, the valuation parameters for Microlink as compared to its peers appears to be on the higher range. Further, the share price increase for Microlink over the same period of the last 3 months has been unusually higher compared to its peers as well as FBMSC and FBMAACE. In addition, the higher Beta signifies that Microlink shares, at current level, has also been more volatile as compared to its peers.

As illustrated above, the illustrative issue price (based on the minimum of RM0.90 per Restricted Share) appears to be more reasonable and reflective of the current status of our Company when compared to its peers.

## 2.4 Utilisation of proceeds

The exact amount of proceeds to be raised from the Proposed Restricted Issue cannot be determined at this juncture as the amount would depend on, amongst others, the issue price and the actual number of Restricted Shares to be issued.

Based on the indicative issue price of RM0.90 per Restricted Share, our Company is expected to raise gross proceeds of up to RM50.03 million under the Minimum Scenario and up to RM51.06 million under the Maximum Scenario. The expected manner of utilisation of the proceeds are as follows:-

Proposed utilisation of proceeds	Notes	Minimum Scenario		Maximum Scenario		Expected timeframe for utilisation (from the date of listing of the Restricted Shares)
		(RM'000)	(%)	(RM'000)	(%)	
Working capital for the Omesti Project (as defined herein)	(i)	49,634	99.20	50,658	99.22	Within 18 months
Estimated expenses in relation the Proposed Restricted Issue	(ii)	400	0.80	400	0.78	Within 1 month
<b>Total</b>		<b>50,034</b>	<b>100.00</b>	<b>51,058</b>	<b>100.00</b>	

### Notes:-

- (i) As at the LPD, Microlink, being a 66.24% indirect subsidiary of Omesti, serves as the in-house technology development arm of Omesti Group as it has the required resources including technical knowledge, expertise, and human capital to undertake the development, implementation and management of projects.

For information purposes, Microlink estimates that contracts with an aggregate value of RM102.00 million (excluding rental and related services) will be transacted between our Company and Omesti Group from 28 September 2020 until the next annual general meeting based on the recurrent related party transaction mandate approved by the shareholders at the 17<sup>th</sup> annual general meeting on 28 September 2020. These transactions essentially comprise the implementation of projects awarded to Omesti Group, which our Company expects to in turn secure such projects from Omesti Group including, inter-alia, the supply of network, software solutions, licenses, network infrastructure, computer hardware and software, maintenance services, and development of applications. As the in-house technology development arm of Omesti, our Company has always been in a good position to secure the engagement from Omesti to undertake the professional services required for the implementation of the contracts awarded to Omesti.

Omesti had on 9 April 2020 received a letter of award from Telekom Malaysia Berhad for the design, development, customisation, configuration, delivery, installation, integration, conversion, migration, testing, commissioning and training for Telekom Malaysia Berhad's BSS with a total contract sum of RM95.6 million ("**TM Project**"). The initial duration of the TM Project is 2 years, from June 2020 to June 2022.

Subsequently, Microlink had on 29 September 2020 received a letter of award from Omesti Berhad to undertake, amongst others, solution design; technical development; unit testing; product/system testing; change management; migration; deployment and cutover process; and post go live support and maintenance in respect of the TM Project ("**Omesti Project**") for a contract value of RM51.38 million for a duration of 2 years. The Proposed Restricted Issue is intended to coincide with the commencement of the Omesti Project, i.e. by 4<sup>th</sup> quarter of the year 2020 and the project cost of the Omesti Project will be funded entirely via the Proposed Restricted Issue.

The breakdown of the estimated cost for Microlink to undertake the professional services for the Omesti Project of approximately RM49.63 million and RM50.66 million under the Minimum Scenario and Maximum Scenario respectively is as follows:-

Description	Minimum Scenario RM'000	Maximum Scenario RM'000
Cost relating to the Omesti Project comprising inter-alia, external experts' costs on software localisation and delivery as well as licensing fee(s) <sup>(a)</sup>	47,305	48,329
Hiring of additional headcounts <sup>(b)</sup>	2,329	2,329
	<b>49,634</b>	<b>50,658</b>

**Notes:-**

(a) Our Company is expecting to hire an approximate total of 40 external experts to undertake, amongst others, the design of business process, installation and upgrading of applications as well as the implementation of data migration methodology and strategies in respect of Telekom Malaysia Berhad's BSS. The external experts will be engaged as, inter-alia, system analysts, programmers, engineers and project managers, of which some of them have commenced work in October 2020.

*For information purposes, the implementation of the BSS deploys a software system from Huawei which requires experts who are experienced and familiar with Huawei's operating systems/technology. The engagement of these experts will facilitate the assimilation and localisation of Huawei's technology for the Omesti Project as well as allow Microlink's in-house system developers to acquire the necessary skill sets and technical expertise to deploy other BSS moving forward.*

*Additionally, Microlink may also incur fee(s) payable to Omesti in relation to the purchase of software / licenses for the purposes of the delivery of the Omesti Project. The required software/ licenses may include, inter alia, customer relationship management systems as well as billing integration solutions.*

- (b) *The hiring of additional IT development professionals coupled with our existing employees to spearhead the implementation of the Omesti Project will allow our Company to meet the implementation timeframe.*
- (ii) To defray expenses relating to the Proposed Restricted Issue which include, amongst others, professional fees, fees payable to the relevant authorities, printing cost of circular, advertising and miscellaneous expenses. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for our Group's working capital.

Any excess of the actual proceeds raised will be allocated towards the working capital for the Omesti Project. Pending full utilisation of the proceeds from the Proposed Restricted Issue, our Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

## **2.5 Ranking of the Restricted Shares**

The Restricted Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Microlink Shares, save and except that the holder(s) of Restricted Shares shall not be entitled to any dividends, rights, entitlements, allotments and/or any other distributions, the entitlement date of which is prior to or on the date of allotment of the Restricted Shares.

## **2.6 Listing of and quotation for the Restricted Shares**

Bursa Securities had, vide its letter dated 2 November 2020, approved the listing of and quotation for up to 56,731,470 Restricted Shares pursuant to the Proposed Restricted Issue, subject to the conditions as disclosed in Section 6 of this Circular.

# **3. RATIONALE OF THE PROPOSED RESTRICTED ISSUE**

After due consideration of the various options available, our Board is of the opinion that the Proposed Restricted Issue is the most appropriate means of fundraising based on the following:-

## **(i) Value creation to our Group and its Shareholders**

The Proposed Restricted Issue is intended to raise proceeds to be utilised in the manner as set out in Section 2.4 of this Circular, which provides our Group with a funding solution to meet our Group's current financial needs to undertake the work required to implement the Omesti Project.

It should be noted that our Company had recently completed a private placement of 16,736,800 placement shares at an issue price of RM0.55 per placement share on 19 December 2019, raising total gross proceeds of RM9.21 million ("**Completed Private Placement**"), mainly utilised for the repayment of our Group's bank borrowings and trade payables, which has been fully utilised as at the LPD. Save for the Completed Private Placement, there are no other equity fundraising exercises undertaken by our Company in the past 12 months before the announcement of the Proposed Restricted Issue.

Subsequent to the Completed Private Placement, our Company had on 12 February 2020 announced the receipt of a purchase order from Strateq Sdn Bhd for the supply, delivery, installation and maintenance of hardware and software for Hasil Integrated Tax System operated by Lembaga Hasil Dalam Negeri Malaysia for a project sum of RM35.70 million ("**LHDN Project**"). The relevant hardware and software have been delivered in April 2020 and the Project is currently within the warranty period until April 2021. Subsequent thereto, our Company will be providing maintenance services for the relevant hardware and software until April 2023.

Further, on 3 April 2020, our Company announced the receipt of a letter of intent from Bursa Malaysia Berhad ("**Bursa Malaysia**") to inter-alia, migrate and upgrade its existing MiHCM Digital Human Capital Management system to the latest version with an aggregate project sum of approximately RM2.46 million ("**Bursa Project**") for a duration of five years, which had commenced in May 2020. As at the LPD, the implementation phase of the Bursa Project, which is scheduled to be completed by end November 2020, is approximately 80% completed. Subsequent to the implementation of the project, the system will be provided to Bursa Malaysia on a subscription basis until May 2025.

Our Company had also, on 7 August 2020, received the Pos Malaysia Award as set out in Section 2.3 of this Circular. Additionally, as highlighted in Section 2.4 of this Circular, our Company expects to be engaged to perform services worth RM102.00 million by the Omesti Group for the financial year 2021.

Whilst our Company has recorded a cash and cash equivalent of RM29.23 million and total borrowings of RM24.32 million during the unaudited 3-months FPE 30 June 2020, it is our Company's intention to utilise its cash surplus to inter-alia, fund its projects on hand (including such contracts which are expected to materialise in the current financial year FYE 2021) as mentioned above.

In view of the above, our Company is now proposing a larger sized restricted issue to allow our Group to undertake the Omesti Project without compromising the funding required for its secured projects. The undertaking of the Omesti Project is in line with our Group's strategy to strengthen our Group's existing Solution Delivery division, which is expected to contribute positively to our Group's financial performance moving forward. Through the successful undertaking of the Omesti Project, Microlink will be able to leverage on its successful track record to gain access to a wider network of enterprises and capitalise on this network for future business opportunities to enhance our Group's future earnings.

**(ii) Impact of the Proposed Restricted Issue to our Group and its Shareholders**

The Proposed Restricted Issue will strengthen our Group's financial position by enlarging our Company's share capital and thereby our Group's shareholders' funds. The financial position of our Group is expected to strengthen upon completion of the Proposed Restricted Issue as it will enable our Company to raise fresh funds expeditiously to bolster our Company's working capital requirements.

In addition, the Proposed Restricted Issue will also enable our Group to enhance its cash flow position and better manage its gearing level as the Proposed Restricted Issue relieves our Group from having to rely solely on borrowings to raise its intended working capital requirements. Hence, the Proposed Restricted Issue represents an avenue for Microlink to raise funds efficiently and expeditiously without having to incur interest expense or service principal repayments.

Notwithstanding the above, the Proposed Restricted Issue is expected to have a dilutive impact on the shareholdings of our Company's existing Shareholders save for the consolidated earnings per share of our Company, as illustrated in Section 5 of this Circular.

However, the successful execution of the Omesti Project together with our Group's existing contracts and projects are expected to provide earnings visibility and bolster our Group's financial performance for the next two years up to 2022.

**(iii) Adequacy of the Proposed Restricted Issue in addressing our Group's financial resources**

The Proposed Restricted Issue is an extension of our Company's equity fund raising initiatives following the Completed Private Placement, in tandem with the projects received in recent months which forms part of our Group's strategy in enhancing its financial performance by strengthening its current business.

Our Board is of the view that the Proposed Restricted Issue is the most appropriate avenue of fund raising at this juncture as it will enable our Company to raise funds immediately to address its financing needs as set out in Section 2.4 of this Circular.

Our Board has also considered other larger scale equity fund raising exercises such as a rights issue and opined that a rights issue exercise may not be suitable as it involves a sizable cash call from the existing major shareholder (namely Omesti) and Omesti's need to reserve funds required for the acquisition of Huawei's software licenses as mentioned in Omesti's announcement dated 3 June 2020 (subsequently amended on 17 September 2020). Hence, a rights issue exercise will not be able to raise funds on an expeditious manner to meet its fundraising objectives.

In addition, the participation from Dato' Seri Khairi Group will enable our Company to partly secure the required funds to meet our funding objectives in an expeditious manner.

#### **4. INDUSTRY OVERVIEW AND PROSPECTS**

Information in Sections 4.1 and 4.2 have been extracted from the most recent available government publications as well as other publicly available sources.

##### **4.1 Overview and outlook of the Malaysian economy**

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order ("MCO"), followed by the Conditional and Recovery MCO, during 2Q 2020.

Private investment declined by 26.4% (1Q 2020: -2.3%), due mainly to the coronavirus disease (“**COVID-19**”) containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the MCO, firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Furthermore, businesses also faced challenges in the delivery and installation of M&E amid border closures.

Public investment also recorded a larger decline of 38.7% (1Q2020: -11.3%). This was due to a contraction in capital spending by both general government and public corporations due mainly to the movement restrictions.

*(Source: BNM Quarterly Bulletin: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)*

The global economy is projected to register negative growth in 2020, due mainly to the significant economic repercussions arising from the unprecedented COVID-19 pandemic. Risks to global growth are tilted to the downside, mainly reflecting the significant uncertainties surrounding the COVID-19 pandemic. The extent of the economic impact arising from this pandemic would be contingent on the severity and duration of the outbreak in various economies and the corresponding measures undertaken to contain this global health crisis. The weakness in the real economy could be further weighed down by a prolonged tightening of global financial conditions.

Against this highly challenging global economic outlook, Malaysia’s GDP growth is projected to be between -2.0 to 0.5% in 2020 (2019: 4.3%). The domestic economy will be impacted by the necessary global and domestic actions taken to contain the outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. Unfavourable weather conditions and maintenance works will weigh on the production of oil palm, crude oil and natural gas.

*(Source: Economic and Monetary Review, Bank Negara Malaysia)*

Economic activity has resumed since the economy began to reopen in early May 2020. Consequently, growth is expected to have troughed in the second quarter of 2020, with a gradual recovery in the second half. This outlook is underpinned by the rebound of key indicators such as wholesale and retail trade, industrial production, gross exports, and electricity generation.

This improvement in growth will also be supported by the recovery in global growth and continued domestic policy support. In particular, consumption and investment activity is projected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. With the reopening of economic activities, a concurrent improvement in labour market conditions is expected. Overall, the Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

*(Source: Economic and Finance Developments in Malaysia in the Second Quarter of 2020)*

The overview and outlook of the ICT, the industry in which Microlink Group is principally involved in, is set out in Section 4.2 below:-

#### **4.2 Overview and outlook of the ICT Industry in Malaysia**

Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working arrangements.

*(Source: BNM Quarterly Bulletin: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)*

In 2019, the information and communication subsector is expected to grow 6.7% attributed to telecommunications and computer services. The communication segment will continue to spearhead the subsector with various government's initiatives to enhance broadband access and coverage through National Fiberisation and Connectivity Plan (NFCP). This plan focuses on expanding the existing fibre optic network, installing submarine cables and developing gigabyte networks in several locations in state capitals and selected industrial areas. In addition, the Digital Free Trade Zone (DFTZ) which emphasises on the growth of the digital economy and cross-border e-commerce activities, including e-fulfilment hub to enhance exports will continue to support the segment. Meanwhile, the introduction of the fifth- generation cellular network (5G) is anticipated to drive the growth of the subsector to 6.9% in 2020. The 5G technology will create a competitive market for home broadband services as well as increase the coverage and network quality. This will strengthen Malaysia's capacity to participate in the Industrial Revolution 4.0 (IR4.0), allowing the industry to fully utilise artificial intelligence (AI), robotics, virtual reality, big data analytics (BDA), Internet of Things (IoT) and software engineering, leading to higher digital adoption. In addition, NFCP will provide affordable broadband services to support the digital economy, especially to the SMEs. In the meantime, i-Solutions offers a seamless, borderless digital connectivity solution for the Malaysia market mainly for the SMEs and MNCs.

Based on the Services Sector Performance Table for 2018 – 2020, the information and communication subsector is expected to grow 6.9% in the year 2020.

*(Source: Economy Outlook 2020, Ministry of Finance)*

According to the Department of Statistics Malaysia, contribution of Information and Communication Technology (ICT) to the economy continued to expand at RM289.2 billion in 2019 with a growth of 7.1 per cent. ICT contributed 19.1 per cent to the GDP, comprises of Gross Value Added of ICT industry, 12.9 per cent while e-commerce of other industries, 6.2 per cent.

*(Source: Information and Communication Technology Satellite Account, Department of Statistics, Malaysia)*

The trade and industry subsector is allocated with RM2.4 billion, accounting for 4.4% of the total development expenditure. Under this subsector, programmes and projects are focused on promoting trade and investments activities which include entrepreneurs' development programme, corridor development and industrial readiness in adopting IR4.0 technology.

*(Source: Fiscal Outlook and Federal Government Revenue Estimates 2020, Ministry of Finance)*

The ICT Industry in Malaysia continues to grow in size and distribution to the economy, albeit at a pace slower than the desired rate to reach 20.0% of national Gross Development Product (GDP) by 2020. As reported in the National Tech Association of Malaysia's (PIKOM) ICT Strategic Review 2018/2019 published in November 2018, the industry grew by 10.3% year-on-year in 2017 to contribute RM247.1 billion or 18.3% to the national economy. However, this was a mere increase of 0.1 percentage points over the 18.2% share of GDP in 2016.

At this stage, it should be noted that the 11th Malaysia Plan has envisaged a growth rate of at least 17.0% per annum from 2016 – 2020 in order for the industry's GDP contribution to reach the 20.0% milestone. Given the prevailing rate of growth, PIKOM had previously expressed doubts the industry could achieve 19.0% of the national economy by 2018. According to PIKOM's projections, this figure should reach 18.6% in 2018, 18.8% in 2019 and potentially pass the 20.0% milestone only in 2022.

It is interesting to note that research house International Data Corporation (IDC) expects the industry to account for 21.0% of GDP by 2022. Nevertheless, any slowdown in the growth rate in recent times is expected to be arrested with the latest moves to develop Malaysia as a digital nation powered by Industry4RWD or smart manufacturing, the IoT, blockchain, cloud computing and artificial intelligence. The Department of Statistics Malaysia's (DOSM) ICT Satellite Account reported the value of ICT's contribution to GDP at RM247.1 billion, comprised of ICT-GDP of RM178.2 billion and non-ICT industry e-commerce of RM68.9 billion. The ICT-GDP is the sum total of contributions by the various industry segments: ICT services; ICT Manufacturing; ICT Trade; and Content & Media while non-ICT industry e-commerce takes into account the value of retail e-commerce and back to back transactions in other industries.

*(Source: ICT Industry Outlook in Malaysia 2019, The National Tech Association of Malaysia (PIKOM))*

### **4.3 Prospect of Microlink Group**

Microlink Group is principally involved in the (i) provision of business and technical services to financial institutions ("Financial Services") segment; (ii) provision of emerging technologies for enterprise ("Enterprise Solutions") segment; (iii) distribution and maintenance of computer equipment and software ("Distribution Services") segment; and (iv) provision of project and software solutions delivery services ("Solution Delivery") segment.

Following the significant losses incurred by our Group for the FYE 31 March 2018 due to the one-off impairment expenses of its software development costs, our Group has since turned around by recording a revenue and PAT of RM221.21 million and RM10.35 million, respectively for the FYE 31 March 2020 and RM190.62 million and RM1.01 million, respectively for the FYE 31 March 2019.

As the in-house technology development arm of Omesti Group, the Omesti Project is expected to contribute positively to our Group's financial performance for the next two years and further strengthen its Solution Delivery division. The undertaking of the Omesti Project is also in line with our Company's strategy to shift its commercial model from capital expenditure model to operating model, thus allowing our Group to smoothen its yearly income as opposed to recording lumpy annual revenue.

Further, the successful undertaking of the Omesti Project is expected to put our Company in good stead to prepare itself to bid competitively for other projects moving forward, thereby improving our Group's overall financial position.

Economic slowdown and market uncertainty arising from COVID-19 has led to significant delays in the award of some projects that were expected to have materialised. Payments from customers have also been slow and are anticipated to remain so as companies strive to rebuild their income streams. Our Group is no exception and has implemented a number of measures to conserve cash, including salary reductions across the organisation and cost-cutting initiatives.

While our Board takes cognisance of the subsequent outbreak of the third wave of COVID-19 in Malaysia which has led to a declaration of a conditional movement control order for the states of Kuala Lumpur, Selangor, Sabah, Putrajaya and Labuan, our management is optimistic on the outlook of the ICT industry given the marked increase in the requirement for businesses to transform digitally and automate their operations to ensure long-term sustainability. This trend applies across all sectors of our Group's business portfolio including judiciary, financial institutions, logistics, telecommunications and utilities. The expressed interest from the public and private sectors have presented opportunities for our Group to pursue further its ePayments Smart Cities IOT solutions mobile applications deployment.

Further, our management believes that our Group has the capability to secure new projects from a wider range of clientele by leveraging our experience in cloud-based solutions and digital interactive service platform through our involvement in the Omesti Project and Pos Malaysia Award.

(Source: Management of Microlink)

## 5. EFFECTS OF THE PROPOSED RESTRICTED ISSUE

<b>Minimum Scenario</b>	:	Up to 55,593,060 Restricted Shares being issued, assuming our Company does not grant any new shares under the ESGP/ ESOS Options until the completion of the Proposed Restricted Issue
<b>Maximum Scenario</b>	:	Up to 56,731,470 Restricted Shares being issued, assuming 3,794,700 new shares under the ESGP are granted, vested and allotted at no consideration, on or prior to the implementation of the Proposed Restricted Issue

### 5.1 Share Capital

The proforma effects of the Proposed Restricted Issue on the issued share capital of Microlink are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Microlink Shares ('000)	RM ('000)	No. of Microlink Shares ('000)	RM ('000)
Issued share capital as at the LPD	185,310	54,851	185,310	54,851
Assuming granting and allotment of 3,794,700 new shares under the ESGP	-	-	3,795	6,679 <sup>(i)</sup>
To be issued pursuant to the Proposed Restricted Issue (up to)	55,593	50,034 <sup>(ii)</sup>	56,732	51,058 <sup>(ii)</sup>
After completion of the Proposed Restricted Issue (up to)	<b>240,903</b>	<b>104,885</b>	<b>245,837</b>	<b>112,588</b>

#### Notes:-

- (i) Assuming all 3,794,700 shares under the ESGP are granted, vested and allotted at the illustrative issue price of RM1.76 on or prior to the implementation of the Proposed Restricted Issue. The illustrative issue price of RM1.76 is based on the closing price as at the LPD. For information purposes, the shares under the ESGP are to be allotted at no consideration.
- (ii) Computed based on the indicative issue price of RM0.90 per Restricted Share.

## 5.2 Earnings and EPS

The Proposed Restricted Issue is not expected to have any effect on Microlink Group's earnings for the FYE 31 March 2021, except for the potential dilution in the EPS of Microlink as a result of the increase in the number of Microlink Shares in issue arising from the Proposed Restricted Issue. The impact of the dilution will depend on the final number of Restricted Shares to be issued. Nevertheless, the utilisation of the proceeds from the Proposed Restricted Issue is expected to contribute positively to the future earnings of Microlink Group.

## 5.3 NA and Gearing

Based on the latest audited consolidated financial statements of the Microlink Group for the FYE 31 March 2020, the proforma effects of the Proposed Restricted Issue on the NA and gearing of the Microlink Group are as follows:-

### Minimum Scenario

	<b>Audited as at FYE 31 March 2020</b>	<b>(I) Adjusted for subsequent events<sup>(i)</sup></b>	<b>(II) After (I) and Proposed Restricted Issue</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Share capital	52,833	54,851 <sup>(i)</sup>	104,885 <sup>(ii)</sup>
(Accumulated losses)	(14,215)	(14,215)	(14,615) <sup>(iii)</sup>
Equity compensation reserves	45	45	45
<b>NA attributable to owners of our Company</b>	<b>38,663</b>	<b>40,681</b>	<b>90,315</b>
Number of ordinary shares (‘000)	184,105	185,310 <sup>(i)</sup>	240,903
NA attributable to owners of our Company per share (RM)	0.21	0.22	0.37
Net borrowings	13,058	13,058	13,058
Net gearing ratio (times)	0.34	0.32	0.14

### Notes:-

- (i) After adjusting for the issuance of 1,000,000 and 205,300 new Microlink Shares under the ESGP pursuant to the LTIP on 10 August 2020 and 6 October 2020 respectively at an issue price of RM1.72 and RM1.45, respectively.
- (ii) Assuming the Restricted Shares are issued at the indicative issue price of RM0.90 per Restricted Share.
- (iii) After deducting the estimated expenses incidental to the Proposed Restricted Issue of RM0.40 million.

## Maximum Scenario

	Audited as at 31 March 2020	(I) Adjusted for subsequent events <sup>(i)</sup>	(II) Assuming all 3,794,700 new shares under the ESGP are granted, vested and allotted	(III) After (I), (II) and Proposed Restricted Issue
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	52,833	54,851 <sup>(i)</sup>	61,530 <sup>(ii)</sup>	112,589 <sup>(iii)</sup>
(Accumulated losses)	(14,215)	(14,215)	(14,215)	(14,615) <sup>(iv)</sup>
Equity compensation reserves	45	45	45	45
<b>NA attributable to owners of our Company</b>	<b>38,663</b>	<b>40,681</b>	<b>47,360</b>	<b>98,019</b>
Number of ordinary shares ('000)	184,105	185,310 <sup>(i)</sup>	189,105 <sup>(ii)</sup>	245,837
NA attributable to owners of our Company per share (RM)	0.21	0.22	0.25	0.40
Net borrowings	13,058	13,058	13,058	13,058
Net gearing ratio (times)	0.34	0.32	0.28	0.13

### Notes:-

- (i) After adjusting for the issuance of 1,000,000 and 205,300 new Microlink Shares under the ESGP pursuant to the LTIP on 10 August 2020 and 6 October 2020 respectively at an issue price of RM1.72 and RM1.45, respectively.
- (ii) Assuming granting and allotment of 3,794,700 new shares under the ESGP at the illustrative issue price of RM1.76 on or prior to the implementation of the Proposed Restricted Issue. The illustrative issue price of RM1.76 is based on the closing price as at the LPD. For information purposes, the shares under the ESGP are to be allotted at no consideration.
- (iii) Assuming the Restricted Shares are issued at the indicative issue price of RM0.90 per Restricted Share.
- (iv) After deducting the estimated expenses incidental to the Proposed Restricted Issue of RM0.40 million.

#### 5.4 Substantial shareholders' shareholdings

The proforma effects of the Proposed Restricted Issue on Microlink's substantial shareholders' shareholdings are as follows:-

##### Minimum Scenario

Name	As at the LPD			Proforma I After the Proposed Restricted Issue			
	Direct		Indirect	Direct		Indirect	%
	No. of Microlink Shares	%		No. of Microlink Shares	%		
Omesti Holdings	122,755,993	66.24	-	122,755,993	50.96	-	-
Omesti	-	-	122,755,993 <sup>(i)</sup>	-	-	122,755,993 <sup>(i)</sup>	50.96
Dato' Seri Khairi Group	-	-	-	50,000,000	20.76	-	-
Other placee(s)	-	-	-	5,593,060	2.32	-	-

##### Note:-

(i) Deemed interest through Omesti Holdings, being a wholly-owned subsidiary of Omesti pursuant to Section 8 of the Act.

### Maximum Scenario

Name	As at the LPD				Proforma I Assuming all 3,794,700 new shares under the ESGP are granted, vested and allotted				Proforma II After Proforma I and the Proposed Restricted Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Microlink Shares	%	No. of Microlink Shares	%	No. of Microlink Shares	%	No. of Microlink Shares	%	No. of Microlink Shares	%	No. of Microlink Shares	%
Omesti Holdings	122,755,993	66.24	-	-	122,755,993	64.91	-	-	122,755,993	49.93	-	-
Omesti	-	-	122,755,993 <sup>(i)</sup>	66.24	-	-	122,755,993 <sup>(i)</sup>	64.91	-	-	122,755,993 <sup>(i)</sup>	49.93
Dato' Seri Khairi Group	-	-	-	-	-	-	-	-	50,000,000	20.34	-	-
Other placee(s)	-	-	-	-	-	-	-	-	6,731,470	2.74	-	-

#### Note:-

(i) Deemed interest through Omesti Holdings, being a wholly-owned subsidiary of Omesti pursuant to Section 8 of the Act.

### 5.5 Convertible Securities

As at the LPD, our Company does not have any convertibles securities. However, our Company intends to grant up to 3,794,700 new shares under the ESGP pursuant to the LTIP prior to the implementation of the Proposed Restricted Issue. A separate announcement on the LTIP shall be made by our Company accordingly.

## 5.6 Public Spread Requirement

As at the LPD, the public shareholding spread of Microlink is approximately 28.39%. Upon the completion of the Proposed Restricted Issue, the public shareholding spread of our Company will decrease to approximately 24.16% and 25.68% under the Minimum Scenario and Maximum Scenario respectively.

It should be noted that the final public shareholding spread will depend on amongst others, the shareholding levels of non-public shareholders prior to the allocation of the Restricted Shares. Whilst our Board had on 4 November 2020 provisionally agreed to allocate up to 40,000,000 Restricted Shares to Dato' Seri Khairi Group, our Board undertakes that Microlink will comply with Rule 8.02(1) of the Listing Requirements, whereby our Company will have at least 25% of its total listed shares in the hands of public shareholders on the date of determining the final allocation of the Restricted Shares.

## 6. APPROVALS REQUIRED

The Proposed Restricted Issue is subject to the following approvals being obtained:-

- (a) Bursa Securities, which was obtained vide its letter dated 2 November 2020, for the listing of and quotation for up to 56,731,470 Restricted Shares pursuant to the Proposed Restricted Issue on the ACE Market of Bursa Securities, subject to, inter-alia, the following conditions:-

No.	Conditions	Status of Compliance
1.	Microlink and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Restricted Issue;	To be complied
2.	Microlink and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Restricted Issue; and	To be complied
3.	Microlink to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Restricted Issue is completed.	To be complied

- (b) the approval of the Shareholders for the Proposed Restricted Issue at the forthcoming EGM; and
- (c) the approval of other relevant authorities and/or parties, if required.

The Proposed Restricted Issue is not conditional upon or inter-conditional with any other corporate exercises undertaken or to be undertaken by Microlink.

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

None of the Directors and/or major shareholders and/or chief executive concerned and/or persons connected with them have any interest, directly or indirectly, in the Proposed Restricted Issue.

For information purposes, Dato' Seri Khairi is a major shareholder of Prima Arenaniaga (via his 30% shareholdings in Prima Arenaniaga), a 60.00% owned subsidiary of Omesti Holdings, which in turn is the holding company of Microlink. Omesti Holdings is ultimately owned by Omesti.

In view that Monteiro Gerard Clair is a major shareholder and Executive Director of Omesti as well as the Executive Director of Microlink, and Mah Xian-Zhen is a Non-Executive Director of Microlink and Executive Director of Omesti as well as a daughter of Dato' Mah Siew Kwok, who in turn is a major shareholder and Non-Executive Vice-Chairman of Omesti, Monteiro Gerard Clair and Mah Xian-Zhen have voluntarily abstained from our board deliberations and voting in relation to the proposed allocation of Restricted Shares to Dato' Seri Khairi Group.

The shareholdings details of Monteiro Gerard Clair, Mah Xian-Zhen, Omesti Holdings and Omesti in our Company as at the LPD are as below:-

	As at the LPD			
	Direct		Indirect	
	No of Microlink Shares	%	No of Microlink Shares	%
Monteiro Gerard Clair	6,001,399	3.24	-	-
Mah Xian-Zhen	138,666	0.08	30,300 <sup>(1)</sup>	0.02
Omesti Holdings	122,755,993	66.24	-	-
Omesti	-	-	122,755,993 <sup>(2)</sup>	66.24

### Notes:-

- (1) Deemed interest by virtue of her spouse's interest in our Company pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interest through Omesti Holdings, being a wholly-owned subsidiary of Omesti pursuant to Section 8 of the Act.

Further, Omesti, Omesti Holdings, Monteiro Gerard Clair and Mah Xian-Zhen will also voluntarily abstain from voting in respect of their direct and indirect shareholding and undertake to ensure that persons connected with them, if any, abstain from voting in respect of their direct and/or indirect shareholdings in Microlink, if any, on the resolution pertaining to the proposed allocation of the Restricted Shares to Dato' Seri Khairi Group, to be tabled at the forthcoming EGM.

## 8. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered and deliberated on all aspects of the Proposed Restricted Issue including but not limited to the rationale of the Proposed Restricted Issue, is of the opinion that the Proposed Restricted Issue is in the best interest of the Microlink Group.

Accordingly, our Board (save for Monteiro Gerard Clair and Mah Xian-Zhen who have voluntary abstained from our board deliberations on the proposed allocation to Dato' Seri Khairi Group) recommends that you vote in favour of the resolutions pertaining to the Proposed Restricted Issue at the forthcoming EGM.

## 9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Restricted Issue, which is the subject matter of this Circular, our Board confirms that there are no other outstanding corporate proposals that have been announced but yet to be completed prior to the printing of this Circular.

## 10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, and subject to the receipt of all required approvals from the relevant parties and authorities, the Proposed Restricted Issue is expected to be completed by the 4<sup>th</sup> quarter of calendar year of 2020.

The tentative timeline in relation to the implementation of the Proposed Restricted Issue is as follows:-

Date	Events
27 November 2020	<ul style="list-style-type: none"><li>EGM for the Proposed Restricted Issue</li></ul>
Early December 2020	<ul style="list-style-type: none"><li>Completion of the Proposed Restricted Issue</li></ul>

## 11. EGM

The EGM of Microlink, the Notice of which is enclosed with this Circular, will be held on Friday, 27 November 2020, at 10.00 a.m. or any adjournment thereof, as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposed Restricted Issue as described herein.

You are encouraged to attend, participate, speak (in the form of real time submission of typed texts) and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities. If you are unable to participate in the online EGM, you may appoint a proxy or proxies to participate and vote on your behalf. The Form of Proxy may be submitted by hand or by post to the Registered Office of our Company at Ho Hup Tower – Aurora Place, 2-07-01, Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur or by email to [osem@quadrantbiz.co](mailto:osem@quadrantbiz.co) or by fax to (603) 9779 1701/02 not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall be treated as invalid. You may also submit the Form of Proxy electronically via the Portal at <https://agm.omesti.com> no later than on Thursday, 26 November 2020 at 10.00 a.m.. The lodging of the Form of Proxy shall not preclude you from participating in the online EGM should you subsequently wish to do so.

## 12. FURTHER INFORMATION

You are requested to refer to the enclosed appendix in this Circular for further information.

Yours faithfully  
For and on behalf of our Board of  
**MICROLINK SOLUTIONS BERHAD**

**TUN ARIFIN BIN ZAKARIA**  
Independent Non-Executive Chairman

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**FURTHER INFORMATION**

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**1. DIRECTORS RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board who collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts contained in this Circular, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST****2.1 AmInvestment Bank**

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, “**AmBank Group**”) forms a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group’s securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of Microlink Group.

As at the LPD, AmBank Group has extended loan facilities amounting to approximately RM29.00 million to Microlink Group, which represent less than 0.03% compared to the total audited loans, advances and financing of AMMB Holdings Berhad (being the holding company of the AmBank Group) as at 31 March 2020.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser and Placement Agent for the Proposed Restricted Issue does not give rise to a conflict of interest situation in view that AmBank Group form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services business.

Furthermore, none of the proceeds raised from the Proposed Restricted Issue will be utilised to repay any of the financing facilities mentioned above.

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FURTHER INFORMATION (CONT'D)

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**3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

Save as disclosed below and as at the LPD, Microlink Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position or business of our Group and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group:-

- (i) Kuala Lumpur High Court Civil Suit No.: WA-22NCVC-144-03/2020  
Plaintiff: First Solution Sdn Bhd ("**FSSB**")  
Defendant: Ageqnies (M) Sdn Bhd

FSSB filed a suit against Ageqnies (M) Sdn Bhd on 2 March 2020. FSSB's claim against the Defendant is for the payment of RM1,028,018.60 and interest of 1.5% per month from 17 September 2018 to the date of full settlement premised upon the Defendant's failure to pay FSSB the said sum due and owing arising from the delivery of various software licences.

The Defendant has denied FSSB's claim on the basis, amongst others, that they had not given the final approval for FSSB to deliver the software licences and that the activation of the software licences was unilaterally carried out by FSSB.

FSSB has on 11 June 2020 filed an application for summary judgment and the Defendant has on 23 June 2020 filed an application to strike out the suit. The suit is presently fixed for hearing of the said interlocutory applications on 7 December 2020.

FSSB's solicitors are of the view that FSSB has a reasonable chance of succeeding in this claim. If FSSB's claim is allowed and the Defendant makes payment accordingly, this would have a positive bearing on FSSB's financial position.

## FURTHER INFORMATION (CONT'D)

## 4. HISTORICAL SHARE PRICES

The monthly highest and lowest market price of Microlink Shares traded on the ACE Market of Bursa Securities for the past 12 months preceding the date of the Circular are set out as below:-

	Highest RM	Lowest RM
<b>2019</b>		
November	0.700	0.580
December	0.875	0.585
<b>2020</b>		
January	0.920	0.850
February	0.945	0.880
March	0.980	0.565
April	0.800	0.635
May	0.810	0.700
June	0.790	0.730
July	1.910	0.765
August	2.080	1.630
September	1.730	1.440
October (up to the LPD)	1.810	1.770
Last transacted market price on 25 June 2020 (being the last Market Day prior to the date of announcement of the Proposed Restricted Issue)		0.755
Last transacted market price as at the LPD		1.76

(Source: Bloomberg)

## 5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

## 5.1 Material commitments

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred which upon becoming enforceable may have a material impact on the financial position of the business of Microlink Group.

For information purposes, the lease liabilities in respect of the buildings, computer software and hardware and motor vehicles as at the LPD have been captured in our Group's financial position pursuant to MFRS 16 and is set as follows:-

Lease liabilities	RM('000)
Current	3,027
Non-Current	2,703
	<u>5,730</u>

## FURTHER INFORMATION (CONT'D)

**5.2 Contingent liabilities**

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

Description	Group Level (RM'000)
Corporate guarantee given to banks for credit facilities granted to subsidiaries (unsecured)	65,600

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of our Company at Ho Hup Tower - Aurora Place, 2-07-01 - Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Monday to Friday (except public holidays) following the date of this Circular, up to and including the date of the EGM:-

- (i) the constitution of Microlink;
- (ii) the audited consolidated financial statements of Microlink for the past two (2) FYEs 31 March 2019 and 31 March 2020 and the latest three (3) months unaudited consolidated financial statements of Microlink Group for FPE 30 June 2020;
- (iii) the letter of consent referred to in Section 2 of Appendix I of this Circular; and
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 3 of Appendix I of this Circular.



**MICROLINK SOLUTIONS BERHAD**  
(Registration No: 200301018362 (620782-P))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Microlink Solutions Berhad (“**Microlink**” or the “**Company**”) will be held on Friday, 27 November 2020 at 10.00 a.m., or any adjournment thereof, as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower – Aurora Place, 2-09-01 – Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, for the purpose of considering and if thought fit, passing the following resolutions with or without any modifications:-

### **ORDINARY RESOLUTION 1**

#### **PROPOSED RESTRICTED ISSUE OF UP TO 56,731,470 NEW ORDINARY SHARES IN MICROLINK (“MICROLINK SHARE(S)”) (“RESTRICTED SHARES”) (“PROPOSED RESTRICTED ISSUE”)**

**“THAT** subject to the approvals being obtained from all the relevant authorities, approval be and is hereby given to our Board of Directors of our Company (“**Board**” or “**Directors**”) to allot and issue up to 56,731,470 Restricted Shares (as defined herein) at an issue price to be fixed at a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date or RM0.90 per Restricted Share, whichever is higher.

**THAT** our Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Restricted Issue for such purposes and in such manner as set out in the Circular and our Board be and is hereby authorised with full power to vary the manner and/or purpose of the utilisation of such proceeds from the Proposed Restricted Issue in the manner as our Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities (where required) and in the best interest of our Company;

**THAT** such Restricted Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued Microlink Shares, save and except that the holders of such Restricted Shares shall not be entitled to any dividends, rights, entitlements, allotment and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to or on the date of allotment of the Restricted Shares;

**THAT** our Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of our Company all such documents and/or arrangements as may be necessary to give effect and complete the Proposed Restricted Issue and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary in the interest of our Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, give full effect and to complete the Proposed Restricted Issue;

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in our Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Restricted Shares to be issued pursuant to or in connection with the Proposed Restricted Issue have been duly allotted and issued in accordance with the terms of the Proposed Restricted Issue.”

## ORDINARY RESOLUTION 2

### **PROPOSED ALLOCATION OF UP TO 50,000,000 RESTRICTED SHARES TO DATO' SERI KHAIRI BIN MAT JAHYA AND/OR PERSONS CONNECTED TO HIM (AS DEFINED IN THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD) (COLLECTIVELY, REFERRED AS "DATO' SERI KHAIRI GROUP") ("PROPOSED ALLOCATION TO DATO' SERI KHAIRI GROUP")**

"**THAT** subject to the passing of Ordinary Resolution 1, and approvals being obtained from the relevant authorities and/or parties (where required), approval be and is hereby given to our Board (saved for Monteiro Gerard Clair and Mah Xian-Zhen who have voluntarily abstained from our board deliberations on the proposed allocation to Dato' Seri Khairi Group) to allot and issue up to 50,000,000 Restricted Shares to Dato' Seri Khairi Group at the issue price to be fixed at a discount of not more than 50% to the 5-day VWAP of Microlink Shares immediately preceding the price-fixing date or RM0.90 per Restricted Share, whichever is higher."

By Order Of our Board

**LIM SHOOK NYEE**

MAICSA 7007640

SSM Practicing Certificate No. 201908003593

Company Secretary

Kuala Lumpur

12 November 2020

#### **NOTES:**

- i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be physically present at the main venue of the meeting.

Shareholders/proxies **WILL NOT BE ALLOWED** to attend this EGM in person at the broadcast venue on the day of the EGM. Therefore, shareholders are strongly advised to participate and vote remotely at the EGM through live streaming and online remote voting using the Remote Participation and Electronic Voting (RPEV) facilities.

**Please read these Notes carefully and follow the Procedures in the Administrative Guide for the EGM in order to participate remotely.**

- ii) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead via RPEV facilities. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak (in the form of real time submission of typed texts) at the General Meeting via RPEV facilities.
- iii) 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 exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of subsection 25A(1) of SICDA.
- iv) A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholding to be represented by each proxy.
- v) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of 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.
- vi) Only members whose names appear in the Record of Depositors on 19 November 2020 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the EGM or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.
- vii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.
- viii) The resolutions set out in the Notice of EGM will be put to vote by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities.



**MICROLINK SOLUTIONS BERHAD**  
(Registration No: 200301018362 (620782-P))  
(Incorporated in Malaysia)

**FORM OF PROXY**

CDS Account No.

No. of shares held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block, and as per NRIC/Passport/Company No.]  
of \_\_\_\_\_

being member(s) of Microlink Solutions Berhad, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of our Company to be held on Friday, 27 November 2020 at 10.00 a.m. or any adjournment thereof, as a fully virtual meeting via live streaming broadcast from Redwood Meeting Room, Ho Hup Tower - Aurora Place, 2-09-01 - Level 9, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur and to vote as indicated below:-

No.	Resolutions	For	Against
1.	Proposed Restricted Issue		
2.	Proposed Allocation to Dato' Seri Khairi Group		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
Signature\*  
Member



**NOTES:**

- i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be physically present at the main venue of the meeting.

Shareholders/proxies WILL NOT BE ALLOWED to attend this EGM in person at the broadcast venue on the day of the EGM. Therefore, shareholders are strongly advised to participate and vote remotely at the EGM through live streaming and online remote voting using the Remote Participation and Electronic Voting (RPEV) facilities.

**Please read these Notes carefully and follow the Procedures in the Administrative Guide for the EGM in order to participate remotely.**

- ii) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead via RPEV facilities. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak (in the form of real time submission of typed texts) at the General Meeting via RPEV facilities.
- iii) 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 exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of subsection 25A(1) of SICDA.
- iv) A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholding to be represented by each proxy.
- v) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of 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.
- vi) Only members whose names appear in the Record of Depositors on 19 November 2020 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the EGM or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.
- vii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.
- viii) The resolutions set out in the Notice of EGM will be put to vote by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities.

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AFFIX  
STAMP

To: The COMPANY SECRETARY  
**MICROLINK SOLUTIONS BERHAD**  
Ho Hup Tower – Aurora Place  
2-07-01 – Level 7, Plaza Bukit Jalil  
No. 1, Persiaran Jalil 1  
Bandar Bukit Jalil  
57000 Kuala Lumpur

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