

Annual Report & CG Report

MICROLINK SOLUTIONS BERHAD

Annual Report for Financial Year Ended 31 Mar 2023

Subject Annual Report & CG Report - 2023

Please refer attachment below.

Attachments

- [Microlink_AR23_Bursa_240723.pdf](#)
1.3 MB
- [Microlink_FR 2023_Vol 2_Bursa_240723.pdf](#)
805.1 kB
- [Microlink - CG Report 2023.pdf](#)
458.1 kB
- [Microlink - Administrative Guide.pdf](#)
942.4 kB

| Announcement Info | |
|-------------------|----------------------------|
| Company Name | MICROLINK SOLUTIONS BERHAD |
| Stock Name | MICROLN |
| Date Announced | 28 Jul 2023 |
| Category | Document Submission |
| Reference Number | DCS-28072023-00009 |



INSPIRING GROWTH

ANNUAL REPORT **2023**

CORPORATE REPORT &
COMPLIANCE STATEMENTS



www.microlink.com.my

To read the Annual Report online,
scan the QR Code or visit
<https://www.microlink.com.my/reports/annual-report-2023/>



VOLUME 1

CORPORATE REPORT & COMPLIANCE STATEMENTS

WHAT'S INSIDE

\ 1

Chairman's Statement

\ 4

Management Discussion & Analysis

\ 11

Sustainability Statement

\ 19

Corporate Information

\ 20

Profile of Group Chief Executive Officer

\ 21

Profile of Directors

\ 27

Key Management Personnel

\ 30

Business Structure by Segment

\ 31

Corporate Structure

\ 32

5-Year Financial Highlights
2019-2023

\ 33

Corporate Governance
Overview Statement

\ 43

Statement on Risk
Management & Internal
Control

\ 46

Audit & Risk Management
Committee Report

\ 48

Statement on Directors'
Responsibility for Preparing
the Financial Statements

\ 49

Analysis of Shareholdings

\ 52

Other Compliance
Information

\ 55

Notice of 20th Annual
General Meeting

\ 60

Statement Accompanying
Notice of 20th Annual
General Meeting

\ 61

Privacy Notice [PDPA]

\ 63

Form of Proxy

\ 65

Contact Details of
Subsidiaries

BACKGROUND

For the past three years, the world has grappled with the challenges of managing a health crisis and its subsequent economic turmoil. As governments and organisations took action to protect lives and support livelihoods, Microlink Solutions Berhad (Microlink/Microlink Group), as a technology enabler, played a pivotal role in assisting businesses through these trying times. Today, as we witness the gradual recovery of the global economy, we are proud to report that Microlink's own business has experienced steady growth, paralleling Malaysia's economic resurgence.

CHAIRMAN'S STATEMENT

Today, as we witness the gradual recovery of the global economy, we are proud to report that Microlink's own business has experienced steady growth, paralleling Malaysia's economic resurgence.



Malaysia's economy has recorded an encouraging performance, with the GDP growth for 2022 reaching 8.7%, exceeding the estimate of 6.5% to 7.0% made in October 2022. This growth performance also far exceeds the 3.1% rate of economic growth achieved in 2021, in fact this 8.7% figure is the highest annual growth recorded in 22 years, driven by improvements in all sectors (Department of Statistics Malaysia Official Portal).

The Information and Communication Technology (ICT) industry is one of the few sectors that has experienced exponential growth since the pandemic. In 2021, ICT contributed 23.2% to

Malaysia's GDP (Source: Department of Statistics Malaysia Official Portal). Malaysia is currently embracing country-wide digital transformation, recognizing the crucial role of digitalization in securing its position in the future global economy.

The Malaysian Government is also undergoing rapid digital transformation in an effort to improve service delivery and productivity. This positive move opens up numerous opportunities for Microlink to contribute and leverage its advanced digital capabilities, positioning us to actively participate in building the government's digital landscape.



PERFORMANCE

On 27 February 2023, Microlink Solutions Berhad successfully transferred its share listing from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia), marking an important milestone in the Group's history. Microlink has experienced solid growth over the last few years and is now one of the leading enterprise solutions delivery and systems integration partners in the ICT sector.

Microlink has remained steadfast in pursuing our strategic objectives. We have continued to foster valuable partnerships, expanded our offerings, and are focused on meeting the ever-changing needs of our clients. Our commitment to innovation and delivering comprehensive solutions has empowered our clients to adapt to the evolving digital landscape and thrive in the face of adversity.

The companies within the Microlink Group showcased continued dedication to achieving commendable performance. This performance garnered recognition from our industry partners, resulting in the following prestigious awards bestowed upon the Microlink Group during this period:

- The Edge Malaysia-Centurion Club Awards 2022: Highest Returns to Shareholders Over Three Years
- Nutanix Top Partner Sales
- Nutanix Top Commercial Partner
- IBM Top Distributor (IBM Power Server)
- IBM Top Distributor (IBM Storage)
- HPE Asia Pacific Financial Services Partner of the Year

In summary, we ended FY23 on a positive note, with Microlink Group achieving 13.81% growth and registering a

revenue of RM248.45 million, compared to RM218.31 million in the previous year. The profit after tax (PAT) of RM26.03 million showed a marginal growth of 2.24%, despite substantial investments in both the Middle East and in the strengthening of our core banking solutions. The strong financial performance reflects our ability to effectively implement dynamic strategies that account for market fluctuations and customer behaviours. We are committed to continuous improvement to meet the evolving needs of our customers and stakeholders, as well as expanding into new markets for sustainable growth.

Microlink Group's ability to deliver value for our clients stems from the pride-worthy qualities of our people. Our workforce, consisting of approximately 339 employees, represents a diverse blend of individuals with a wide range of technical and non-technical skill sets. This diverse composition creates a well-rounded team that is driven by results and dedicated to upholding the highest standards of excellence for the Group.

OUTLOOK

The Group remains optimistic on the outlook of the ICT industry given the marked increase in the requirement for businesses to transform digitally and automate their operations. This is further reflected in the MyDIGITAL initiative which is included in the Malaysia Digital Economy Blueprint announced by the Government in 2021. Through this initiative, by 2025, the digital economy is expected to contribute to 25.5% of the country's GDP and create 500,000 job opportunities in the digital economy.



By staying close to our clients, understanding and anticipating their needs, and investing in solutions that help them grow, we are able to create tangible value for overall business. In today's environment, industries, markets, and companies are being affected differently and whatever the opportunity or challenge, all strategies lead to technology. Our strong ecosystem relationships are critical to the value we create with our clients.

This environment presents significant potential for Microlink Group to participate in, and take advantage of, the opportunities presented in both the public and private sectors in pursuit of Malaysia becoming a digitally driven, high-income nation and a regional leader in the digital economy.

The Group's partnerships with leading technical and industry experts globally have provided us with access to a considerable portfolio of technologies, expertise and networks, allowing us to expand our solution delivery capabilities further. This can be realised through the transfer of technologies and skill sets during the implementation of customised and localised solutions. These partnerships are expected to create new opportunities for Microlink Group to diversify into other sectors and have allowed us to expand into other geographies beyond Malaysia via the telecommunications and financial services sector.

Microlink Group will continue to take measures to ensure that we remain steadfast and strong in navigating the increasingly complex and uncertain landscape ahead. These include efforts to collaborate more effectively and adopting more agile ways of working. We strive to keep employees informed whilst continued efforts are made to strengthen our talent pool by upskilling existing staff and sourcing new talents to support our plans for growth and future-proof critical competencies.

APPRECIATION & ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our sincere appreciation to our management and staff for their outstanding contributions in navigating us out of these challenging times. Their unwavering dedication and strategic decision-making have been instrumental in our ability to overcome obstacles and achieve strong results.

This financial year, we have achieved significant milestones, and we are proud of our accomplishments. However, our journey does not end here. We remain committed to evolving our business model dynamically and sustainably to ensure continued success in the future.

As we embark on a new chapter of digital transformation in this evolving operating environment, we are confident in our ability to thrive. We look forward to your continued support in the coming years as we chart a successful path forward.

Once again, we express our heartfelt gratitude to everyone who has played a role in our journey, and we remain committed to achieving excellence and delivering exceptional value to all our stakeholders.

Thank you.

TUN ARIFIN BIN ZAKARIA
CHAIRMAN

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

YEAR OF GROWTH

In FY23, Microlink experienced steady growth, achieving significant milestones that propelled us forward on our journey of growth. Our successful share listing transfer from the ACE Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) to the Main Market marked a significant moment. Moreover, our expansion into the Middle East and ASEAN regions established our commitment to becoming a global player in providing complex implementation solutions. Throughout the year, we remained focused on our strategic objectives, forged valuable partnerships, and expanded our offerings to meet the evolving needs of our clients. Looking ahead, we are poised to drive innovation, nurture strategic relationships, and seize opportunities, creating a sustainable and impactful presence in the digital solutions industry.

REVIEW OF BUSINESS OPERATIONS



SOLUTION INTEGRATOR, INNOVATOR & SOFTWARE DEVELOPER

With technology as a core component of its DNA, Microlink has emerged as a successful solution integrator, provider, and innovator, bridging the gap between business expectations and IT investments. Recognizing the significance of agility in the face of digital transformation, Microlink is dedicated to assisting clients in navigating complex IT initiatives. Leveraging our expertise in envisioning, building, deploying, and managing projects, Microlink ensures that our clients' digital transformation efforts are executed within agreed timelines and budgets. This allows clients to concentrate on their core business activities and respond swiftly to market shifts.

Microlink Group is focused on building excellence and capacity in various areas. As a solution integrator, we possess the necessary skills to design, build, deploy, and manage projects, ensuring the achievement of desired business outcomes through the implementation of cutting-edge technology. Additionally, Microlink is positioned as both a solutions provider and innovator, developing proprietary products and leveraging solutions from technology partners, with the ultimate goal of creating our own unique offerings. As a trading services distributor, we facilitate hardware and software trading for global companies, providing them with the necessary resources to meet their technological needs.

Driving Innovation: A focus on Research and Development

Innovation matters to us and Microlink Group takes pride in our significant investments in software and product

development. FY23 saw the Group focus our R&D in enhancing our core banking system and developing a provisioning platform specifically designed for telco core operations.

Empowering Banks with Digital Innovation

Our Shariah-compliant Digital Core Banking system stands as a testament to our capabilities and commitment to strengthening our core banking offerings. Developed in-house, Microlink's Core Banking System, has been widely adopted by local and regional financial institutions. Taking this solution to the next level is our latest cloud-native version of this Digital Core Banking Solution, representing our commitment and investment in digital innovation. This upgraded cloud-enabled solution offers a comprehensive platform that combines a stable core banking back-office operating environment with a seamless, secure, and integrated digital front, enabling direct and borderless digital engagement with customers across multiple online channels. This empowers banks with the necessary digital edge to thrive in the rapidly evolving business landscape. Furthermore, this cloud-ready system will provide flexibility and robustness to the banks' IT landscape and architecture while upholding the highest cybersecurity standards to safeguard the platform and the overall business integrity.

Cybersecurity: Fortifying our offerings

We understand that cybersecurity is an indispensable component for success in the digital landscape. Recognising the increasing threats and vulnerabilities present in today's interconnected landscape, we are highly invested in developing capabilities and enhancing our offerings by establishing a strategic partner ecosystem through collaboration with leading security providers. This enables us to enhance our collective expertise and provide comprehensive solutions to our clients. By focusing on cybersecurity, our aim is to ensure the integrity, confidentiality, and availability of our clients' digital assets, fostering a secure and trustworthy environment for their operations.

Data driven: Actionable Insights

We are also focused on developing and providing AI-driven data analytics within our solutions which empower our clients with data driven actionable insights. By harnessing the power of advanced algorithms and machine learning, we analyse large volumes of data to uncover patterns, trends, and correlations. With our tailored solutions and expertise, we help clients unlock the full value of their data, driving meaningful outcomes.





FINANCIAL SERVICES INDUSTRY

Microlink has demonstrated resilience and progress through FY23 in both existing and new markets post-pandemic. Our key anchor clients have continued to show confidence in our partnership, as evidenced by the recent contract awards from Koperasi Co-opbank Pertama Malaysia Berhad (CBP) for the upgrade of their existing MiBS core banking platform and the Public Sector Home Financing Board (LPPSA) for a five-year provision of maintenance and support services for their Loan Management System (LMS). As of today, the majority of our clients have successfully upgraded to our next-generation core banking system, marking a significant milestone in our shared journey of growth. Furthermore, we have successfully onboarded new customers, including Edaran Otomobil Nasional (EON) and Vass Assurance Corporation (VASS), Vietnam.

Our next-generation core banking platform continues to gain prominence in the market, cementing our position as a formidable player in the financial services industry. This innovative system equips our clients with robust digital banking capabilities and presence. By enabling an end-to-end digital customer journey, our core banking system offers an integrated, seamless, and flexible platform that allows for faster speed-to-market and enhanced agility. By simplifying our clients' operations, we empower them to prioritise customer value and engagement, freeing them from unnecessary complexities.

To future-proof our position, we are strategically investing in the development of a cloud-native version of our core banking platform. This upgraded system is specifically designed to adapt to changing demands on a cloud-delivered platform, providing a comprehensive suite of services across the front, middle, and back office. By leveraging microservices and Application Programming Interfaces (APIs), our upgraded cloud-native core banking system enables our banking clients to open new channels and seamlessly connect with partners, regulators, and different parts of the bank itself. This future-proof solution empowers our clients to stay ahead in an ever-evolving digital landscape.

Looking ahead, our focus remains on cultivating a digital banking partner ecosystem as the key to long-term success. We have forged strong partnerships with regional industry players, introducing their solutions into the market and enhancing our Microlink core banking ecosystem. We persistently expand our solution portfolio, leveraging the strengths of each partner to establish a resilient, integrated, and agile digital banking ecosystem. As virtual and digital banking thrive, cybersecurity emerges as a crucial aspect of the ecosystem, and to fortify our solution portfolio, we collaborate with top industry players in this area.



ENTERPRISE SOLUTIONS

Expanding presence in Telecommunications:

FY23 saw landmark growth to our Telecommunications sector with Microlink expanding its presence to the Middle East with a landmark project secured from Huawei Technologies in the Kingdom of Bahrain. The project involves management of IT operations (ITO) on behalf of a leading regional telecommunications service provider. The scope of work of the project encompasses the maintenance of existing applications, as well as the provision of managed services and helpdesk support. These existing applications include the Business Support System (BSS), ERP suite, office productivity tool and helpdesk. As with any large complex implementation, the project has been challenging, however we managed to execute the ITO successfully and are currently expanding our reach further in this sector.

On the local front, we witnessed successful implementation in FY23 of the Huawei Business System Support (BSS) for Customer Relationship Management (CRM) and Billing Solution for Telekom Malaysia Berhad (TM). The delivery teams from both TM and Microlink adapted swiftly and worked together using various technology and delivery options to ensure the project's success. Currently, Microlink is in the maintenance and support phase of this project.

As we look to the future, we are eager to capitalise on the successful implementation of these telco related projects which serve as a crucial first step in fostering more business within the telecommunications industry. Our goal is to leverage these accomplishments to unlock further growth opportunities in the telco segment, driving our success in the coming years.

Public Sector

FY23 has been a dynamic year for Microlink's Public Sector segment, as it has achieved significant milestones in the delivery of the Automated Awareness Safety System (AwAS) which is part of the National Road Safety Roadmap to increase road safety. This new Open System Architecture replaces the existing proprietary Back Office Automated Enforcement System (AES) for Jabatan Pengangkutan Jalan (JPJ).

The development of AwAS has provided valuable experience for our solution delivery team, enhancing our internal capabilities in developing transport and enforcement-focused Optical Character Recognition (OCR) and related Artificial Intelligence (AI) expertise. This accomplishment has spurred Microlink to explore new projects related to enforcement-based solutions, not only within the Ministry of Transport (MOT) but also with other government agencies that require similar technologies.

The Malaysian Government is also undergoing rapid digital transformation in an effort to improve service delivery and productivity. In line with this transformation, there is a strong emphasis on promoting the adoption of Platform-as-a-Service (PaaS), Software-as-a-Service (SaaS), and Infrastructure-as-a-Service (IaaS) solutions across various industry sectors. The main objective is to advance the digital landscape of the government and empower organisations with advanced digital capabilities. This positive move opens up numerous opportunities for Microlink to contribute and leverage its advanced digital capabilities, positioning us to actively participate in building the government's digital landscape.



DISTRIBUTION - Our Trading Services

In an era where digital transformation has become inevitable, the shift towards XaaS (Anything as a service) has significantly transformed the digital business landscape. Amidst these ever-changing trends, our trade services experienced consistent growth, showcasing our agility in adapting to evolving industry landscapes and delivering valuable trade solutions. This sustained growth further strengthened our position as a trusted market player, poised to meet the evolving needs of our clients in the years to come.

Moving forward from here, we are committed to adjusting our strategies to meet market demands and embracing the XaaS model. By staying innovative and nurturing partnerships, we aim to maintain our position as a trusted facilitator of technology procurement while exploring new growth opportunities in this dynamic landscape.

Throughout the review period, the Trading Services business garnered the following awards:

- IBM Top Distributor (IBM Power Server)
- IBM Top Distributor (IBM Storage)
- HPE Asia Pacific Financial Services Partner of the Year



Extensive Product Portfolio

As we progress in our focus areas, we proudly present an extensive product portfolio that encompasses a wide range of offerings. Our portfolio includes enterprise range servers, storage systems, engineered systems, and solutions sourced from esteemed industry partners. Additionally, we provide comprehensive technical and professional services to complement our product offerings.


To ensure broad accessibility and efficient distribution, our services extend through a network of over 200 business partners nationwide. This channel network includes System Integrators (SI), Independent Solution Vendors (ISV), Managed Services Providers (MSP), and Cloud Services Providers, enabling us to cater to diverse client requirements and deliver holistic solutions.


We have established partnerships with leading principals, through whom we source our diverse portfolio. These partnerships allow us to offer cutting-edge products and stay at the forefront of technological advancements in the industry.

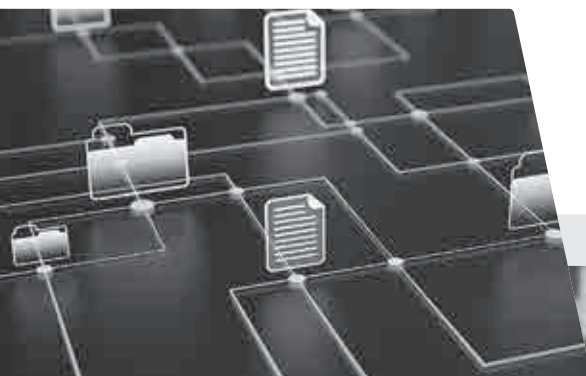
Our diverse portfolio consists of products sourced from a wide range of industry-leading principals:

Provided via Microlink subsidiary

| | |
|--|----------------------------|
|  Applied Business Systems Sdn Bhd | |
| ORACLE Suite | Server, Storage & Software |

| | |
|--|-------------------------|
|  First Solution Sdn Bhd | |
| IBM | Server & Storage |
| Lenovo | Server & Storage |
| TMax Tibero DB | DB Software |
| Group-IB | Cyber Security Solution |

| | |
|--|-------------------------|
|  Formis Systems & Technology Sdn Bhd | |
| HPE | Server & Storage |
| Stratus Technologies | Fault Tolerant Solution |



STRATEGY, RISKS & MITIGATION



STRATEGY

- Develop our position as a Global Solution Integrator by delivering complex implementations for clients across diverse industries.
- Focus on driving the adoption of Platform-as-a-Service (PaaS) solutions across industry sectors to empower organisations with advanced digital service platforms.
- Develop and expand our portfolio of digital solutions by partnering and developing comprehensive and innovative offerings that are tailored to the specific client needs.
- Strengthen partnerships for both solution development and delivery to further enhance our market presence and localization efforts.

In line with the pursuit of our objectives, we acknowledge the presence of potential risks and challenges. We maintain a proactive approach to continuously assess these risks and implement suitable mitigation measures.

RISK

Staff turnover with the loss of highly skilled and competent professionals. There is also a requirement for resources with new skill sets to take on cloud, mobility, analytics and security projects.

The principal risk of having multiple large-scale pursuits is that conventional bidding and contracting processes result in a significant lead time between initial engagement and revenue, potentially leading to cash flow issues.

In the Trading Services business, one of the principal risks is potential loss of distributorships, as the regional presence of principals increases in the local space due to acquisition and partnerships built at the global level.

MITIGATION

Continued focus on talent acquisition to hire professionals with the right skill sets and ensure a structured healthy development of the talent pipeline, as well as developing the technical skill sets of internal resources, equipping them for market-leading delivery.

To mitigate the risk associated with long lead times required for securing large-scale projects, the Group has adopted strategies such as focusing on smaller-scale quick-win projects that can be swiftly mobilised, deployed, and invoiced.

Additionally, the Group has pursued the development of re-usable or 'white label' solutions and made consistent investments in new technologies to expedite time-to-market, thereby reducing delivery risk.

Commercial proposals are structured to include smaller and more frequent payment milestones, as well as alternative financing options like principal leasing programs or funding from financial institutions specialising in hardware and software projects. These measures aim to regularise cash flow by ensuring consistent payment from partners.

Increased communication with business partners is crucial to maintain a strong presence, as it allows for the exchange of ideas and the creation of new revenue streams, especially in the rapidly transforming post-pandemic digital environment.

REVIEW OF FINANCIAL PERFORMANCE

Microlink Solutions Berhad reports its financial performance along four business segments as follows:



Financial Services



Enterprise Solutions



Distribution Services



Solution Delivery

A snapshot of the 5-Year Financial Highlights is provided on Page 32 of this Annual Report.

REVENUE

For FYE 31 March 2023, the Group registered a revenue of RM248.45 million, an increase of 13.81% from RM218.31 million registered a year ago.

Total revenue generated from the Financial Services segment increased by 183.48% to RM80.14 million in FYE 31 March 2023 as compared to RM28.27 million in FYE 31 March 2022. This was due mainly to higher orders and project fulfilments.

The Enterprise Solutions segment's revenue for the financial year increased by 7.90% from RM55.42 million to RM59.80 million, mainly due to higher orders and project fulfilments.

The Distribution Services segment recorded a decrease of 8.47% with total revenue registered at RM132.57 million, as compared to RM144.84 million recorded in the previous year. The decrease was due to lower orders and project fulfilments.

Total revenue generated from the Solution Delivery segment decreased by 68.72% to RM2.23 million in FYE 31 March 2023, as compared to RM7.13 million in FYE 31 March 2022, mainly due to lower orders and project fulfilments.

PROFIT BEFORE TAX

The Group recorded profit before tax of RM31.92 million as compared to profit before tax of RM34.23 million in the preceding year. However, the operating profit was RM45.52 million, an increase of 2.59% a year ago mainly attributable to higher orders and project fulfilments.

LIQUIDITY & CAPITAL RESOURCES

The Group's capital expenditure and working capital requirements have been financed by cash generated from operations as well as short-term and long-term borrowings provided by financial institutions.

Cash and bank balances decreased to RM33.68 million in FYE 31 March 2023, as compared to RM63.12 million in FYE 31 March 2022 due to higher cash used in investing and financing activities for funding working capital and capital expenditure in the current financial year.

The Group has total borrowings of RM28.00 million in FYE 31 March 2023. The borrowings were utilised for funding working capital and capital expenditure.

OUTLOOK

Moving into FYE 31 March 2024, the world is emerging from the grip of the pandemic and transitioning into a period of economic growth. As a technology provider, Microlink is transitioning from its crucial role in empowering businesses through these challenging times to leveraging opportunities arising from the rapid growth in digital competency.

Malaysia's economy has demonstrated encouraging performance, with a GDP growth of 8.7% in 2022, surpassing the estimate of 6.5% to 7.0% made in October 2022. This growth is a significant improvement from the 3.1% achieved in 2021, marking the highest annual growth recorded in 22 years. The Information and Communication Technology (ICT) industry stands out as one of the few sectors experiencing exponential growth since the pandemic. In 2021, ICT contributed 23.2% to Malaysia's GDP, underscoring its vital role in the country's digital transformation and future global economic positioning.

Recent transformation initiatives by the Malaysian Government has further emphasised the significance of digital technology as a fundamental component of the government's strategy to modernise operations and enhance service delivery. Notably, the MyDIGITAL initiative, including the Malaysia Digital Economy Blueprint announced in 2021, aims to have the digital economy contribute 25.5% to the country's GDP by 2025, creating numerous job opportunities.

These developments create significant potential for Microlink Group to capitalise on opportunities within both the public and private sectors as Malaysia strives to become a digitally-driven, high-income nation and a regional leader in the digital economy. In alignment with Malaysia's economic resurgence and the optimistic outlook of the ICT industry, Microlink is actively participating in the increased demand for businesses to digitally transform and automate their operations. The company is confident in the growth of its business, both in Malaysia and beyond, actively expanding into other sectors and geographic regions, facilitated by collaborations within the telecommunications and financial services industries.

SUSTAINABILITY STATEMENT

SCOPE

This Sustainability Statement ("Statement") illustrates sustainability matters (covering economic, environmental and social, or "EES") that are considered material to the Group, also known as material sustainability matters ("MSMs") and the related strategies, commitments, and management efforts for each of these matters for FY2023.

SUSTAINABILITY STATEMENT

Microlink Group aspires to ensure sustainability for all areas of its business activities and the integration of sustainability into all our operations is a continuous process. In compliance with Main Market Listing Requirements, our activities are measured based on the criteria detailed in the Global Reporting Initiative (GRI). These criteria span environmental, economic, and social factors that impact our business and, in turn, the communities where we operate. This includes making a full assessment of any material factors that may affect the sustainability of the Group's business and taking the necessary steps to mitigate those factors.

By assessing the impact of these key non-financial metrics on our business operations, we are able to highlight areas where our sustainability management and business processes can be strengthened. They also provide a basis on which we can continually improve our reporting to better meet the expectations of our stakeholders.

GROUP SUSTAINABILITY GOVERNANCE

Microlink Group's Board of Directors has oversight responsibility for the delivery of sustainable value to stakeholders, and this is achieved through implementation of the principles, policies, objectives and strategies of the Group and all its subsidiaries.

Sustainability at Microlink Group is governed through a three-tier structure that spans all levels of the Group, ensuring that all actual and potential sustainability issues are given full and fair consideration, and that appropriate action plans are developed and properly implemented.

GOVERNANCE IN SUSTAINABILITY PROCESSES

| | |
|--|---|
| Board of Directors (Board) | <ul style="list-style-type: none">- Ultimately responsible for sustainability practices and performances.- Reviews adequacy of sustainability initiatives and processes.- Reviews the Group's material sustainability matters and provide advice and direction where necessary. |
| Sustainability Management Team (SMT) | <ul style="list-style-type: none">- Led by the Group CEO- Comprises of key senior representatives of the functional departments/subsidiary representatives (Administration, Finance, Human Resources, Segment Leads).- Monitors and reviews the performance of the Group's sustainability initiatives in achieving the Group's key sustainability objectives. |
| Sustainability Management Working Team (SMWT) | <ul style="list-style-type: none">- Comprises of key representatives of the functional departments (Administration, Finance, Human Resources, Segment Leads).- Overseeing the stakeholder engagements, coordinating the implementation of the materiality assessment process and the prioritisation of the Group's sustainability matters for management.- Responsible for the management and performance of sustainability related initiatives to address MSMs; and- Reports to the SMT on the performance of the sustainability related initiatives and tasks implemented. |

STAKEHOLDER ENGAGEMENT

We engage with our stakeholders on a frequent basis in order to understand their evolving needs and how our business practices impact them. Through the insights we gain, we are better placed to identify material sustainability matters and develop strategies that serve both their needs and the needs of our business.

Our stakeholders are determined based on two factors:

1 The degree to which they may be affected by or have the power to affect the Group's MSMs (material sustainability matters)

2 The degree to which they have the power to impact the Group's reputation in the markets that we serve, which may enhance or diminish our ability to make a positive EES (economic, environmental and social) impact through our products and services.

KEY STAKEHOLDERS

| Key Stakeholders | Engagement Method | Frequency of Engagement | Key Focus Area |
|--|---|--|---|
| Clients | <ul style="list-style-type: none"> - Meetings - Workshops - Customer Service - Events/Roadshows - Website updates - Social Media | <ul style="list-style-type: none"> - Annually - Daily - Regularly - Adhoc | <ul style="list-style-type: none"> - Brand Awareness - Product Quality - Service Quality - Product Scope - Brand Awareness |
| Employees | <ul style="list-style-type: none"> - Employee Surveys - Employee Engagement Activities - Townhall Meetings - Employee Development Trainings - Workshops - Performance Appraisals | <ul style="list-style-type: none"> - Biennially - Annually - Regularly - Adhoc | <ul style="list-style-type: none"> - Strategic direction and business growth - Human capital development - Employment benefits and welfare - Employee experience and engagement - Business ethics and governance - Health and safety at work |
| Shareholders and Investment Community | <ul style="list-style-type: none"> - Performance reports and disclosures - General Meetings - Bursa Announcements - Investor Relations engagements - Media Releases - Website Updates - Social Media | <ul style="list-style-type: none"> - Annually - Quarterly - Regularly - Ad-hoc | <ul style="list-style-type: none"> - Sustainable Financial Returns - Sustainable Performance |
| Business Partners & Suppliers | <ul style="list-style-type: none"> - Formal Meetings/Virtual Meetings - Written Communications - Product Exhibitions - Anti-Bribery and Anti-Corruption Pledge | <ul style="list-style-type: none"> - Annually - Regularly - Ad-hoc | <ul style="list-style-type: none"> - Strategic direction and business growth - Regulatory compliance - Business ethics and governance - Product Innovation - High quality goods and services - Operational efficiency - Business resilience - Non-discriminatory policies |
| Community | <ul style="list-style-type: none"> - Corporate Social Responsibility Activities - Sponsorships and donations - Social Media postings | <ul style="list-style-type: none"> - Ad-hoc | <ul style="list-style-type: none"> - Contributions to Community - Responsible Corporate Citizen |
| Authorities/Regulators | <ul style="list-style-type: none"> - Formal Meetings/Virtual Meetings - Performance reports and disclosures - Events | <ul style="list-style-type: none"> - Regular - Ad-hoc | <ul style="list-style-type: none"> - Developing our Sustainability Framework - Closely monitoring our processes to ensure continued regulatory compliance |

MATERIALITY

MATERIALITY ASSESSMENT



Microlink Group’s materiality assessment process involves reviewing the Group’s operating context including factors that can influence the company’s sustainability performance, identifying sustainability issues and matters i.e. the risks and opportunities relevant to its operations, and prioritising sustainability matters in terms of their materiality level for management. In determining the materiality of the sustainability matters, the significance of their sustainability impacts on the Group’s business performance and value creation, and their respective influence on the Group’s key stakeholders are considered.

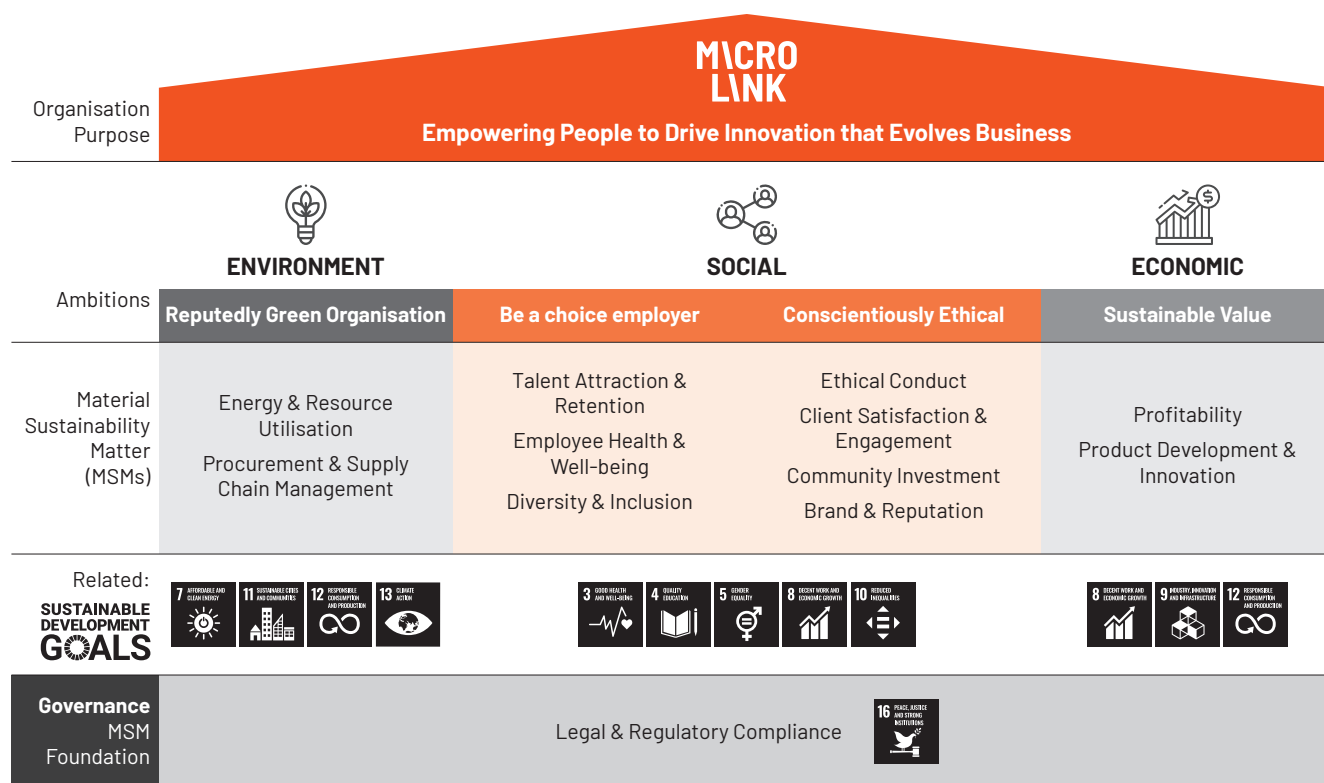
MATERIALITY MATRIX

Key MSMs (Material Sustainability Matters) that are of the greatest significance for Microlink Group can be defined in the matrix shown below which was generated as a result of our materiality determination process, detailing the significance of each MSM to the Group and to our stakeholders.



MICROLINK'S SUSTAINABILITY FRAMEWORK

The culmination of the materiality determination process led to the development of the Microlink Sustainability Framework. This framework effectively aligns our identified material issues with our long-term aspirations across three core sustainability themes. Each of these themes is aligned with specific United Nations Sustainable Development Goals (SDGs).





ENVIRONMENT

ENERGY & RESOURCE UTILISATION

As a Group, we are committed to minimizing our energy and resource consumption through responsible practices. The consolidation of our employees in one building, Aurora Place at Bukit Jalil, along with a significant number of our employees working remotely or at clients' offices, has resulted in a notable reduction in energy consumption during the period.

Additionally, the adoption of cloud technology for a substantial portion of our operations has led to a decreased need for server rooms, which reduces costs associated with space and energy consumption.

We place great emphasis on recycling throughout the Group, adhering to strict recycling practices. Furthermore, we organize campaigns to promote upcycling of preloved items, encouraging employees to donate them to underprivileged communities. These initiatives align with our commitment to sustainable practices and minimizing waste.

PROCUREMENT & SUPPLY CHAIN MANAGEMENT

We are dedicated to reducing our environmental impact by actively minimizing our carbon footprint. Whenever feasible, we prioritize sourcing materials, supplies, and equipment from locations that have the least negative effect on the environment. Additionally, we streamline our purchasing processes to achieve economies of scale in terms of both costs and logistics. This commitment has been further strengthened during the recent period through restructuring and reorganizing certain aspects of our group's operations.

Microlink's phased approach to achieving our environmental targets:

SHORT-TERM

Communicate with our workforce to drive awareness on what our targets are and encourage them to participate in green efforts.

MID-TERM

Implement a waste management programme to increase our office recycling rate, reduce water usage, save on energy consumption.

LONG TERM

Develop a comprehensive framework to drive environmental action plans, which will include the following: Infrastructure, Logistics, Materials, Operations, Products.

Related policy:

Microlink Sustainability Policy (<https://www.microlink.com.my/app/uploads/2023/02/Sustainability-Policy.pdf>)





SOCIAL

TALENT ATTRACTION & RETENTION

One of the main sustainability challenges faced by industries in Malaysia today is the recruitment and retention of employees at all levels, who possess the necessary skills for the ever-evolving world of work, particularly among the graduate population,

To address this issue, we have adopted a proactive approach focused on fostering a safe and supportive work culture. Our goal is to create an environment that empowers talented individuals to reach their full potential. Given the diverse range of activities within our organization, employees have ample opportunities to expand their skill set and gain valuable experience.

Our organizational structure promotes agility and openness, allowing employees to interact freely with colleagues across all levels of the group. We prioritize providing relevant training and development opportunities to enhance both professional and technical skills. These initiatives are integrated into our employees' annual key performance metrics. Regardless of their division or discipline, employees receive training specific to their roles and technical requirements. We also ensure ongoing training on updated legal and regulatory requirements, such as the Employment Act, the Competition Act, the Malaysian Code on Corporate Governance, Anti-Corruption Practices, and taxation laws. Furthermore, leadership and coaching programs are periodically offered to strengthen their management skills.

EMPLOYEE HEALTH & WELL-BEING

At our company, we highly value the contributions of our employees as they play a pivotal role in driving our success. We are deeply convinced that a motivated and enthusiastic workforce not only brings value to our organization but also benefits our stakeholders. Our primary emphasis lies in cultivating a positive mindset and inspiring our employees to delve into novel concepts and engage in diverse activities that expand their perspectives.

ENSURING SAFER WORKING ENVIRONMENTS

Safety is of utmost importance to our company, and we prioritize the well-being of our employees and stakeholders. We are fully committed to upholding safety standards and complying with all relevant safety regulations. Our safety program includes risk assessments, and the implementation of robust safety protocols. We continuously monitor and review our safety practices to identify areas for improvement and ensure that all necessary precautions are in place to prevent accidents and promote a culture of safety throughout our organisation. By fostering a strong commitment to safety, we strive to create a secure and healthy work environment for all those involved in our operations.

UPHOLDING LABOUR PRACTICES & EMPLOYEE RIGHTS

Microlink Group has a zero-tolerance policy against discrimination in any form and all employees have access to a grievance mechanism to raise concerns related to workplace practices. The Group is committed to treating its employees fairly and with dignity and respect.

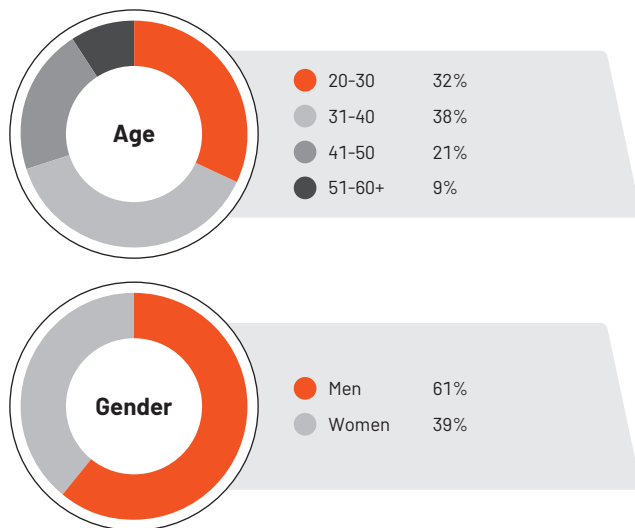
The Group complies with all applicable labour laws, rules and regulations where it operates, including the Malaysian Employment Act 1955, Industrial Relations Act and regulations governing key issues such as child labour and forced labour.

DIVERSITY

Microlink Group adheres to a policy of complete inclusion and diversity. This applies to all levels of the organization, including the Board, and is designed to ensure that the organization has access to the widest possible range of perspectives and experiences at all times. Appointments, promotions, and other decisions relating to employees are made solely based on the suitability of their skills, experience, and performance.

Our team comprises a diverse group of individuals with a wide range of technical and professional skills. They are dedicated to achieving results and maintaining the highest standards of excellence.

Our workforce numbers 339 employees, comprising 61% men and 39% women. In terms of age: 32% are 20 to 30 years old while 38% are aged 31 to 40. Some 21% are between 41 and 50 years old while 9% are aged between 51 and are over. In terms of ethnic mix, a person's racial background is of no significance to us and we are therefore colour-blind when recruiting employees.



Related policy:

Microlink Human Rights Policy
(<https://www.microlink.com.my/app/uploads/2023/02/Human-Rights-Policy.pdf>)

ETHICAL CONDUCT

The Group is fully committed to conducting its businesses with the utmost integrity, transparency and accountability and in compliance with local laws and regulations. A code of conduct and ethics, which is included in our respective Group employee handbooks, sets out the standards of conduct and personal behaviours that all our Directors and employees are required to observe to ensure that the Group's commitment is upheld.

Related policy:

Microlink Code of Ethics and Conduct Policy
(<https://www.microlink.com.my/app/uploads/2022/07/MSB-Code-of-Ethics-and-Conduct.pdf>)

ANTI-BRIBERY & CORRUPTION

The Group firmly believes in operating its businesses based on the highest standards of integrity, transparency, ethics and accountability and is against all forms of corruption. Our code of conduct and ethics sets out the Group's business values and practices by which all our Directors and employees are required to abide.

The Malaysian Anti-Corruption Commission (MACC) Act, Section 17A, also known as corporate liability, encourages business to be conducted with integrity and to promote good governance practices. Commercial organisations are also liable and can be punished if their employees or associates are involved in corruption. The Group's Anti-Bribery & Corruption (ABC) Policy sets out clear requirements in order to ensure strict compliance with the Microlink Anti- Bribery & Corruption Policy
(<https://www.microlink.com.my/app/uploads/2022/07/MSB-ABC-Policy-Upload-010622.pdf>).

Mandatory briefings and familiarisation training are conducted with the Directors, management and employees at all levels of the Group. The following key elements are rigorously emphasised:

- The need for all businesses in the Group to establish an anti-corruption compliance programme;
- The requirement to report audit results and reviews directly to the Board;
- The practice of conducting corruption risk assessments periodically, to identify opportunities for corruption including systems that are not sufficiently robust, high-risk business activities, and supply chain corruption;
- The requirement to conduct regular performance reviews to assess and strengthen the system; and
- The fact that there will be vigorous enforcement and sanctions for non-compliance.

The briefings also cover Money Laundering, highlighting the need to understand the business and background of counterparties and to avoid complex payment arrangements.

The Group also has in place a Group-wide whistleblowing policy with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices.

Related policy:

Microlink Whistleblowing Policy
(<https://www.microlink.com.my/app/uploads/2022/07/MSB-Whistleblowing-Policy-as-at-4.3.2022.pdf>)

CLIENT SATISFACTION & ENGAGEMENT

The Group understands that client satisfaction and engagement are important material issues that have an impact on our reputation, brand and opportunity for repeat business. Given that many of our technology solutions are customised to meet specific client requirements, it is vital that we understand the market conditions where those clients operate. We therefore engage in regular communication with our clients, conducting product briefing sessions and seminars where applicable.

COMMUNITY INVESTMENT

Microlink Group is dedicated to promoting educational opportunities for aspiring Malaysian talent. We support a community program which aims to inspire and empower people across all ages to enable them to reach their fullest potential. Initiatives under the programme focus on activities that provide underprivileged children with educational experiences that expose them to different perspectives and new ideas. Additionally, we make it a priority to organize corporate social responsibility (CSR) activities around the festive seasons, enabling the less privileged to partake in the joyous spirit of these occasions.

Related policy:

Microlink Community Relations Policy
(<https://www.microlink.com.my/app/uploads/2023/02/Community-Relations-Policy.pdf>)

BRAND & REPUTATION

Microlink Group recognises the importance of its brand and reputation in the market place and the adverse impact on its ability to operate if that reputation is called into question. The Group therefore takes all feasible measures to protect these core elements of its licence to operate by ensuring that its business is conducted to the highest standards of integrity, professionalism and delivery excellence.



ECONOMIC

The concept of the EES framework recognizes that economic sustainability is intricately linked to environmental and social sustainability. A strong economy can provide the resources and incentives necessary for the implementation of environmentally friendly practices and socially responsible initiatives. Balancing economic growth with environmental and social concerns is crucial for achieving sustainable development and ensuring a more equitable and resilient future.

PRODUCT DEVELOPMENT & INNOVATION

As a technology-first organisation, we recognise the accelerated digital transformation taking place across industries. As a result, we have intensified our efforts to develop innovative digital solutions that cater to the changing market demands. Our focus remains on leveraging technology to drive efficiency, enhance customer experiences, and enable remote collaboration. By embracing these changes and investing in future-ready solutions, we are confident in our ability to navigate the post-COVID landscape successfully and emerge stronger than before.

Our team consists of skilled business analysts, solution architects, and developers who bring a wealth of experience and diverse technological expertise. This diverse skill set enables us to excel in delivering high-quality implementation of digital solutions.

PROFITABILITY

By integrating sustainability considerations into their business strategies, companies can unlock several potential benefits that positively impact profitability. These include improved operational efficiency, reduced costs, enhanced brand reputation, increased customer loyalty, access to responsible investment capital, and reduced legal and regulatory risks. Moreover, a focus on long-term sustainability and responsible practices can help companies anticipate and adapt to emerging market trends and regulatory changes, thereby securing their competitive advantage and long-term profitability.

GOVERNANCE

LEGAL & REGULATORY COMPLIANCE

Microlink Group ensures that its operations are in strict compliance with all legal and regulatory requirements.

CONCLUSION

During the coming financial year, the Group will continue to conduct a comprehensive materiality assessment via interface with its key internal and external stakeholders to ensure that all non-financial factors that pose a risk to the sustainability of the Group's business are understood and that measures are taken to mitigate any such risks.

CORPORATE INFORMATION

BOARD OF DIRECTORS

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Tun Arifin bin Zakaria

NON-INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

Tan Sri Jaganath Derek Steven Sabapathy

EXECUTIVE DIRECTORS

Dato' Sri Chee Hong Leong
Monteiro Gerard Clair

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tai Keat Chai
Martin Chu Leong Meng
Wan Mai Gan
Noor Zaliza Yati binti Yahya

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Ahmad Najmi bin Abdul Razak

GROUP CHIEF EXECUTIVE OFFICER

Ramlee bin Abdullah

BOARD COMMITTEES

Executive Committee

Tan Sri Jaganath Derek Steven Sabapathy (Chairman)

Dato' Sri Chee Hong Leong

Monteiro Gerard Clair

Audit & Risk Management Committee

Tai Keat Chai (Chairman)

Martin Chu Leong Meng

Wan Mai Gan

Nominating, Remuneration and Long-Term Incentive Plan Committee

Martin Chu Leong Meng (Chairman)

Tan Sri Jaganath Derek Steven Sabapathy

Wan Mai Gan

COMPANY SECRETARY

Lim Shook Nye
[MAICSA No. 7007640]
[SSM PC No. 201908003593]

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
T +603 9779 1700
F +603 9779 1701
E osem@quadrantbiz.co

HEAD OFFICE

Ho Hup Tower - Aurora Place
2-08-01 - Level 8
Plaza Bukit Jalil
No 1, Persiaran Jalil 1
Bandar Bukit Jalil
57000 Kuala Lumpur
T +603 9779 1700
F +603 9779 1702

AUDITORS

BDO PLT
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
T +603 2616 2888
F +603 2616 3190/3191

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (M) Berhad
Ambank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
T +603 7784 3922
F +603 7784 1988
E binawin@binamg168.com

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 0126
Stock Name: MICROLN
Sector: Technology

WEBSITE

www.microlink.com.my

PROFILE OF GROUP CHIEF EXECUTIVE OFFICER

RAMLEE BIN ABDULLAH

GROUP CHIEF EXECUTIVE OFFICER

- Age 58, Male, Malaysian
- Appointed as Group Chief Executive Officer on 5 September 2022

Ramlee originally joined the Microlink Group in February 2022 as Chief Executive Officer of the Public Sector, during this time he was instrumental in establishing a significant presence and raising the Group's profile with organisations in that sector. Following his appointment as Group Chief Executive Officer, Ramlee has been focussed on expanding that presence across all business segments and leading the Microlink business into the future.

Ramlee holds a track record of more than 22 years in the Banking & Financial Services sector in Asia, Middle East and Africa regions. He has held senior positions with top tier organisations that include Oracle Corporation, Sunline International, HSBC Bank Malaysia, Silverlake Systems and Temenos.

He holds 640,200 (0.06%) ordinary shares in the Company.

Ramlee holds a Diploma in Training & Development from the University of Leicester, United Kingdom.

He has no family relationship with any Directors and/or other major shareholders of the Company and has no conflict of interest with the Company. Other than traffic offences, he has not been convicted of any offence within the past five years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



PROFILE OF DIRECTORS

TUN ARIFIN BIN ZAKARIA

INDEPENDENT NON-EXECUTIVE CHAIRMAN

- Age 72, Male, Malaysian
- Appointed to the Board on 6 June 2017

Tun Arifin graduated with LLB (Hons) from the University of Sheffield, UK in 1974 and LLM from the University College, London in 1979. He was called to the English Bar at Lincoln's Inn in 1979. Upon graduation, his distinguished legal career began when he joined the Malaysian Judicial and Legal Service before being posted as Federal Counsel in the Advisory Division of the Attorney General's Chambers and later as Magistrate, Sessions Court Judge and Senior Assistant Registrar.

He served in various capacities in the Government of Malaysia, both in the Judicial and Legal Departments before being appointed as a Judicial Commissioner on 1 March 1992, and Judge of the High Court of Malaya in 1994. In 2002, he was elevated as Judge of the Court of Appeal, in 2005 as Judge of the Federal Court and then in October 2008 as Chief Judge of the High Court of Malaya. On 14 September 2011, Tun Arifin was appointed as the 13th Chief Justice of Malaysia, where he served until his retirement on 31 March 2017. In 2013, he was made an Honorary Bencher of Lincoln's Inn.

In June 2012, he also served as Co-Chair of the United Nations Environment Programme (UNEP) World Congress on Justice, Governance and Law for Environmental Sustainability as part of his efforts to improve the status of environmental law in the region.

Tun Arifin is currently the Chancellor of Qvest International University, Ipoh, Perak and President of the Inns of Court Malaysia. Tun Arifin also sits on the Board of Can-One Berhad as Senior Independent Non-Executive Chairman.



TAN SRI JAGANATH DEREK STEVEN SABAPATHY

NON-INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

- Age 66, Male, Malaysian
- Appointed to the Board on 20 October 2017
- Appointed as Deputy Chairman of the Board on 4 August 2021
- Chairman of Executive Committee and Member of Nominating, Remuneration and Long-Term Incentive Plan Committee

Tan Sri Jaganath Sabapathy holds a Master of Arts from Edinburgh University, Scotland, majoring in Corporate Finance & International Trade. Upon graduation in 1981, he joined Price Waterhouse, a leading London firm of chartered accountants.

In 1984, he returned to Malaysia and joined KPMG Peat Marwick as a Manager, and was subsequently admitted as Partner in 1990. Whilst at KPMG Malaysia, he was involved in a wide range of assignments covering audit, investigations, management consultancy and corporate finance in Malaysia, the ASEAN countries, North America and Europe. He served on a variety of KPMG International Committees including Mergers & Acquisitions, Privatisation and Management Consultancy. He was also an examiner for the Malaysian Association of Certified Public Accountants (MACPA) professional examinations.

Tan Sri Jaganath left KPMG Malaysia in late 1994 to join Benta Plantation Berhad as an Executive Director. A year later, he was appointed as a Director of Austral Lao Power Co Ltd, a position he held until 1997. He then joined Prime Utilities Berhad and Indah Water Konsortium Sdn Bhd, Malaysia's privatised national wastewater utility, serving as Managing Director of both companies until 1999. From 1999 until his retirement in 2013, Tan Sri Jaganath served as Chief Executive Officer/ Director of Bandar Raya Developments Berhad Group.

He is the Founder and currently Chief Executive Officer/Director of Tribeca Real Estate Asset Management Sdn Bhd, a niche property development company. He is also a Non-Independent Non-Executive Director of Sime Darby Property Berhad and Independent Non-Executive Director of Principal Asset Management Berhad.



DATO' SRI CHEE HONG LEONG

EXECUTIVE DIRECTOR

- Age 59, Male, Malaysian
- Appointed to the Board on 15 February 2021 as Independent Non-Executive Director
- Re-Designated as Executive Director on 3 April 2023
- Member of Executive Committee

Dato' Sri Chee graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989, both from McMaster University, Hamilton, Ontario, Canada. He began his career in 1990, coordinating the development in corporate and annual strategic plans for Leisure Holidays Group of Companies.

From 1992 to 1998, Dato' Sri Chee ventured into the property development sector, serving as Chief Executive Officer at Canary Homes Sdn Bhd and Canary Infoport Sdn Bhd. He subsequently joined Tanco Resort Berhad where, from 1998 to 2002, he held various positions from General Manager rising to Executive Director and Chief Operating Officer.

In March 2003, he joined M & A Equity Holdings Berhad (formerly known as SYF Resources Bhd), initially as a member of the Board of Directors and was subsequently appointed as Executive Director in 2011. He also currently sits on the Board of Hextar Industries Berhad and Inari Amertron Berhad as Independent Non-Executive Director and an Executive Director of Ho Hup Construction Company Berhad.

Dato' Sri Chee had previously served as Independent Director on the Boards of various organisations in the Palm Oil, Timber and Building Materials business, as well as the Education and Healthcare sectors.

MONTEIRO GERARD CLAIR

EXECUTIVE DIRECTOR

- Age 51, Male, Malaysian
- Appointed to the Board on 16 October 2012 as Non-Independent Non-Executive Director
- Re-Designated as Executive Director on 1 April 2016
- Member of Executive Committee

A seasoned entrepreneur, Mr Monteiro began his career in 1992 as a sales agent for Riken Auto Sdn Bhd (Riken Auto) and was subsequently appointed as a Director. In 1998, he left Riken Auto and set up Optima Auto Sdn Bhd, where he served as Managing Director until 2005.

Since then, he has ventured into the property industry and various other investments via several privately held companies including H2O Holdings Sdn Bhd (H2O), an investment holding company. He serves as a Director of H2O and of various other private companies, including property development company Montprimo Sdn Bhd where he is Executive Vice Chairman. He also currently serves as an Non-Independent Non-Executive Director of Omesti Berhad and a Director of Divfex Berhad.

In his younger years, Mr Monteiro was an accomplished sportsman, representing Malaysia in squash at both junior and senior levels. Crowned National Junior Champion in 1988, he also captained the victorious National Junior Team in the East Asian Junior Squash Championships in 1999. He is currently serving as President of the Squash Racquets Association of Malaysia (SRAM).

DATO' AHMAD NAJMI BIN ABDUL RAZAK

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

- Age 51, Male, Malaysian
- Appointed to the Board on 20 December 2022

Dato' Najmi graduated with a Bachelor of Science in Business with concentration in Marketing from Indiana University, United States of America. He currently serves as the Chief Executive Officer of Gading Sari Holdings Sdn Bhd, an investment holding company that holds a wide range of investments in mining, automobiles, property development, agriculture, telecommunications, real estate, hospitality and services.

He began his career at Asian Media Network Sdn Bhd, where he was responsible for managing several major projects providing media, infotainment and targeted advertising in Malaysia.

Over the past 27 years, Dato' Najmi has held various management roles and directorships with various private organisations from a cross-section of industries ranging from information technology, motorsports, real estate, hospitality, sports to investment activities.

In addition to his role as the Chief Executive Officer of Gading Sari Holdings Sdn Bhd, he also currently lends his expertise and experience to several subsidiaries under Gading Sari Holdings Sdn Bhd as a board member.

He also sits on the board of several other companies, including Prima Maju Auto Sdn Bhd, Prima Merdu Sdn Bhd, Pengurusan Pasir Pahang Berhad, Sime Darby Hyundai Sdn Bhd, Mahkota Golf & Country Club Bhd, Thinking Minds Sdn Bhd, Twenty Thirty Sdn Bhd, Touch Marvel Sdn Bhd, Pahangbif Holdings Sdn Bhd, Shahzan House (Plantation) Sdn Bhd and Tree Movement Malaysia Sdn Bhd.

He is the Vice President of the Malaysia Hockey Confederation (MHC) and holds the Chairmanship of the National Team Management Committee for MHC. He is the Deputy President for Pahang Hockey Association and the President for Kuantan Hockey Association.

TAI KEAT CHAI

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Age 69, Male, Malaysian
- Appointed to the Board on 28 August 2013
- Chairman of Audit & Risk Management Committee

Mr Tai brings many years of valuable experience and insight through his work at KPMG, London and PwC in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad where he worked in corporate finance for seven years before venturing into stockbroking, working with SJ Securities Sdn Bhd, AA Anthony Securities Sdn Bhd and Kenanga Investment Bank Berhad.

He is currently a Director of Rex Industry Berhad, Marine & General Berhad, MIDF Amanah Asset Management Berhad, HSS Engineers Berhad, Talam Transform Berhad and several other unlisted companies.

Mr Tai qualified as a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

MARTIN CHU LEONG MENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Age 67, Male, Malaysian
- Appointed to the Board on 6 January 2014
- Member of Audit & Risk Management Committee and Chairman of Nominating, Remuneration and Long-Term Incentive Plan Committee

Martin Chu graduated with a BSc (Hons) in Mechanical Engineering and an MSc in Management Science from Imperial College, University of London. His early career was spent with Schlumberger Offshore Services Ltd, in the Netherlands and the UK, as a Senior Field Engineer in wireline logging and production services for offshore oil & gas exploration.

He later moved into banking where he obtained more than 25 years of experience in Financial Services, spanning multiple disciplines. Initially with Mitsubishi Bank Ltd in London, specialising in Corporate Finance, Treasury, Property Finance and Corporate Restructuring, he then joined EON Bank Bhd in Kuala Lumpur for 15 years, eventually rising to the position of Deputy Chief Executive Officer, Group Management Services.

During this time, he led various corporate exercises, including the acquisition of Oriental Bank and Malaysian International Merchant Bank Bhd. In 2000, he was appointed as Executive Director/Acting Chief Executive Officer of Oriental Bank, subsequently leading the merger integration of these two organisations into EON Bank.

From 2008 to 2011, he was Chief Operating Officer of ECM Libra Investment Bank. In 2011, he was reassigned to oversee Treasury & Wealth Management and in 2012, was appointed as Chief Risk Officer. While at ECM Libra, he also sat on the board of Asiasons WFG Ltd, Singapore, as Non-Independent Non-Executive Director from 2009 to 2011.

WAN MAI GAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Age 59, Female, Malaysian
- Appointed to the Board on 18 July 2022
- Member of Audit & Risk Management Committee and Nominating, Remuneration and Long-Term Incentive Plan Committee

A veteran in the electronic payments industry with 34 years of extensive experience, Ms Wan has solid local and international exposure in product development, project delivery, post-live support and pre-sales support of mission-critical software products.

She began her career with SunGard System Access Malaysia Sdn Bhd (SSAMSB) and held various key positions from 1988 to 2010, rising to become Vice President and Director. In July 2010, she joined NCR Payments and Services Malaysia Sdn Bhd (NCR) as General Manager, Operations and was subsequently appointed as Head of Professional Services for the Payments division, Financial Services, with responsibility for Asia, Africa & Middle East regions. Ms Wan retired from NCR in July 2017.

She is currently the Executive Director of Divfex Berhad.

Ms Wan holds a Bachelor of Economics (Accounting & Computer Science) degree from Monash University, Victoria, Australia.

NOOR ZALIZA YATI BINTI YAHYA

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Age 44, Female, Malaysian
- Appointed to the Board on 20 December 2022

Puan Noor Zaliza graduated with a Bachelor of Accountancy from Universiti Putra Malaysia in 2000. She is a Member of the Malaysian Institute of Certified Public Accountants (MICPA) since 2003 and a Chartered Accountant of the Malaysian Institute of Accountants (MIA) since 2018.

Puan Noor Zaliza began her career in 1999 at KPMG as an Audit Assistant. She left KPMG in the same year and joined Arthur Andersen & Co (later known as Ernst & Young subsequent to the merger of Malaysia's Arthur Andersen & Co and Malaysia's Ernst & Young in 2002) in 2000 as Staff Assistant, where she assisted in the documentation of audit projects and was subsequently promoted to a few higher positions until the position of Senior Associate 1 in 2002, where she was responsible for leading audit projects.

In 2003, Puan Noor Zaliza left Ernst & Young and thereafter held various finance, corporate services, treasury and audit roles in companies involved in the provision of dredging and marine services.

In 2010, she joined Petroliaam Nasional Berhad and was seconded to Petronas Carigali Sdn Bhd as an Executive (Budget – International Consolidation), where she was responsible for facilitating the cost control and project accounting functions for upstream development projects. Her last secondment designation with Petronas Carigali Sdn Bhd was Head (Asset and Cost Allocation Management).

In 2016, Puan Noor Zaliza joined SapuraKencana Technology Sdn Bhd and was seconded to SapuraKencana GE Oil & Gas Services Sdn Bhd as Chief Financial Officer, where she oversaw and managed the overall finance functions of the company.

In 2017, she left SapuraKencana GE Oil & Gas Services Sdn Bhd. Since then, she has been promoting life insurance and takaful services under Prudential Assurance (Malaysia) Berhad and unit trust fund investments under Public Mutual Berhad.

In 2019, she incorporated Zanoor Synergy Services, a sole proprietorship, to undertake life insurance, takaful and unit trust investment business activities. She also provides training, consultation, and advisory services in the areas of accounting, investment and taxation.

Puan Noor Zaliza is currently an Independent Non-Executive Director of Flexidynamic Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad, being a directorship she has held since 2020.

Save where disclosed above, none of the Directors has:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- any conviction for offences within the past 5 years; and
- other than traffic offences, any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY MANAGEMENT PERSONNEL

The following section provides details on the senior executives who hold responsibility for management of the principal operations of the businesses within the Microlink Group.

WONG KWANG CHWEN

Group Chief Operating Officer

Age 48, Male, Malaysian

Appointed on 1 March 2023

Qualifications

BSc (Second Upper) National University of Malaysia

Working Experience

23 years

Profile

As Group Chief Operating Officer, Kwang Chwen's responsibilities include optimising the cost of delivery, resources, quality of service, and compliance to ensure a healthy P&L. In addition to this, he is responsible for defining career paths for program management, quality assurance, solution architecture, and development. As part of the overall Microlink business expansion plan, KC also oversees the strategic execution of a new range of products and solutions, as well as building an extensive partner channel.

Kwang Chwen was previously Group Chief Commercial Officer before being appointed as Group COO with the core focus of not only in growing the business top and bottom line, but driving digital transformation across the Microlink range of products, especially in the core banking and fintech arena.

Prior to joining Microlink, KC was Country Manager for Avanade Malaysia, before pioneering Fusionex as Senior Vice President to become a regionally recognised Big Data Analytics player. After leaving Fusionex, KC led the transformation journey at IFCA MSC Berhad, joining as Executive Vice President and serving as Chief Executive Officer for one of its business divisions.

Any family relationship with any director and/or major shareholder of the listed issuer

Nil

HONG WYE KEAN

Group Chief Technology Officer

Age 45, Male, Malaysian

Appointed on 1 April 2023

Qualifications

BSc (Hons) Information Technology, (Major in Management) University of Malaya

Working Experience

22 years

Profile

Wye Kean, Group Chief Technology Officer at Microlink, leads the Solution Delivery development team, focusing on building and optimising the team's capability and capacity in supporting the business, aligning technology-related decisions with our organisational goals.

With 22 years of experience in the technology industry, Wye Kean has held various leadership positions. He previously served as the CRM Service Line Lead for Avanade Malaysia and Head of Solutions and Delivery in Fusionex. In 2017, he founded Kinexure, a business technology firm specializing in CRM.

Wye Kean is a certified Solution Architect for Microsoft Business Application platforms.

Any family relationship with any director and/or major shareholder of the listed issuer

Nil

EDDIE THOO W'Y-KIT

Group Chief Financial Officer

Age 50, Male, Malaysian

Appointed on 1 January 2022

Qualifications

CIMA, MBA from University of Strathclyde, Scotland

Working Experience

26 years

Profile

Eddie is an experienced CFO, having helmed the finance and treasury divisions in several listed companies over the past 22 years across multiple business environments that combines strategic and tactical financial expertise. He possesses strong qualifications and experience in strategic planning, investor relations, corporate governance, general operations, and profit & loss management.

At Microlink Group, Eddie is responsible for ensuring timely and accurate financial reporting in compliance with regulatory requirements. He supports the Directors and Management team in achieving financial and non-financial targets, leveraging his strategic insights and meticulous approach.

Any family relationship with any director and/or major shareholder of the listed issuer

Nil

NAVRITA KAUR

Group Chief Legal Officer

Age 40, Female, Malaysian

Appointed on 1 August 2022

Qualifications

LLB, University of London; Certificate in Legal Practice (CLP)

Working Experience

16 years

Profile

Navrita has been serving as Group Chief Legal Officer (GCLLO) since 2022, providing expert and strategic legal advice to senior management on a wide range of matters. She is heavily involved in corporate exercises undertaken by the Group, responsible for the negotiation of commercial contracts as well as drafting key policies.

Navrita was first admitted to the Malaysian Bar in 2007 and was a practising Advocate & Solicitor before moving to an in-house legal role. Prior to joining Microlink, Navrita was the Group General Counsel and then subsequently GCLLO of the Omesti Group. Her work has earned numerous honors, including Finalist in the Asian Legal Business (ALB) South East Asia Law Awards 2023 in both the Young Lawyer of the Year (In-house) and Woman Lawyer of the Year (In-house) categories as well as a Finalist in the Legal 500 Southeast Asia Awards 2023 for In-house lawyer of the Year. Navrita was also included in the Legal 500 GC Powerlist Southeast Asia 2022.

Any family relationship with any director and/or major shareholder of the listed issuer

Nil

MAH CHON CHEANG

Chief Executive Officer – Distribution

Age 54, Male, Malaysian

Appointed on 1 January 2015

Qualifications

Bachelor of Business Administration, Western Michigan University

Working Experience

29 years

Profile

CC Mah is a seasoned professional with more than 21 years' track record in the IT sector. As CEO for Microlink's Distribution Business, he manages the provision of hardware and software on behalf of principals IBM, Lenovo, TMax Tiberio, Group-IB, HPE, Oracle, Stratus, as well as integration into clients' existing systems.

His career began with Bass Consulting in Business Development followed by a stint at KN Kenanga as a Dealer Representative. He subsequently spent more than six years with Hewlett-Packard Malaysia as Product Manager for Industry Standard Servers & Storage, spearheading volume servers and driving HP Intel servers to hold a leading position in market share for more than 24 consecutive quarters. He then joined TechD (Malaysia) Sdn Bhd as Product Manager before taking up his current role.

Any family relationship with any director and/or major shareholder of the listed issuer

Nil

Save where disclosed above, none of the Key Senior Management has:






- Any directorship in public companies and listed issuers;
- Any family relationship with any director and/or major shareholder of the Company;
- Any conflict of interests with the Company;
- Other than traffic offences, any convictions for offences within the past 5 years; and
- Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BUSINESS STRUCTURE BY SEGMENT

As at 30 June 2023



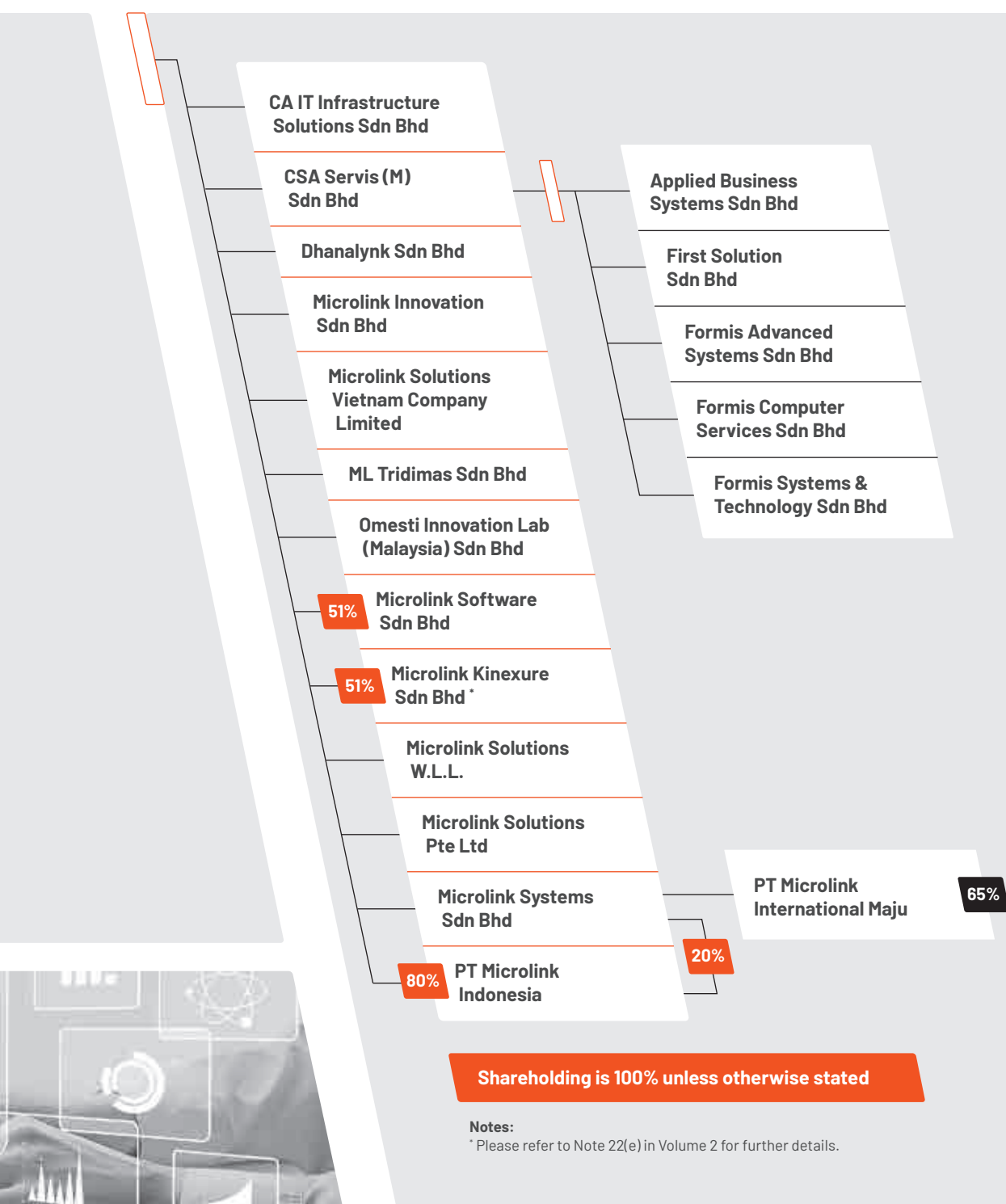
Microlink Solutions Berhad

|  FINANCIAL SERVICES |  PUBLIC SECTOR |  ENTERPRISE SOLUTIONS |  TELE-COMMUNICATIONS |  DISTRIBUTION |
|--|---|--|---|--|
| Microlink Systems Sdn Bhd | | | | Applied Business Systems Sdn Bhd |
| Omesti Innovation Lab (Malaysia) Sdn Bhd | | | | First Solution Sdn Bhd |
| Formis Computer Services Sdn Bhd | | | Microlink Kinexure Sdn Bhd | Formis Systems & Technology Sdn Bhd |
| Microlink Innovation Sdn Bhd | ML Tridimas Sdn Bhd | CA IT Infrastructure Solutions Sdn Bhd | | CSA Servis (M) Sdn Bhd |
| Microlink Software Sdn Bhd | Dhanalynk Sdn Bhd | Formis Advanced Systems Sdn Bhd | Microlink Solutions W.L.L. | |
| PT Microlink International Maju | | | | |
| PT Microlink Indonesia | | | | |
| Microlink Solutions Pte Ltd | | | | |
| Microlink Solutions Vietnam Company Limited | | | | |



CORPORATE STRUCTURE

Microlink Solutions Berhad



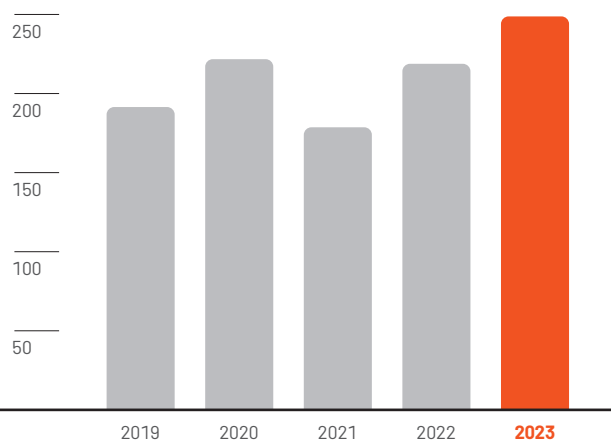
5-YEAR FINANCIAL HIGHLIGHTS

2019-2023

REVENUE

(RM million)

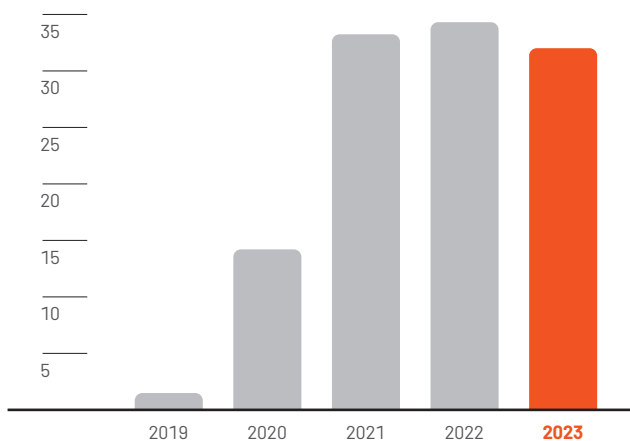
190.62 221.21 178.11 218.31 **248.45**



PROFIT/(LOSS) BEFORE TAX

(RM million)

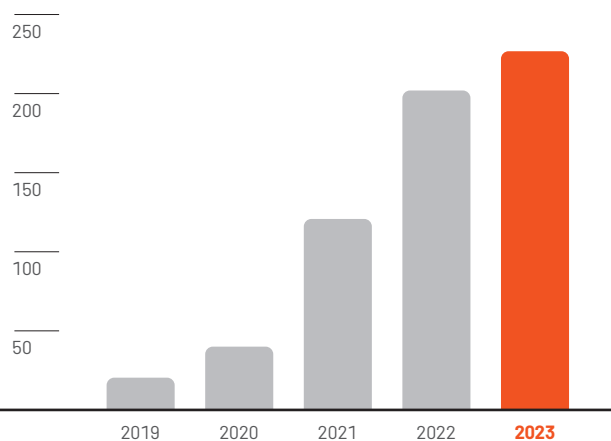
1.27 14.07 33.19 34.23 **31.92**



SHAREHOLDERS' EQUITY

(RM million)

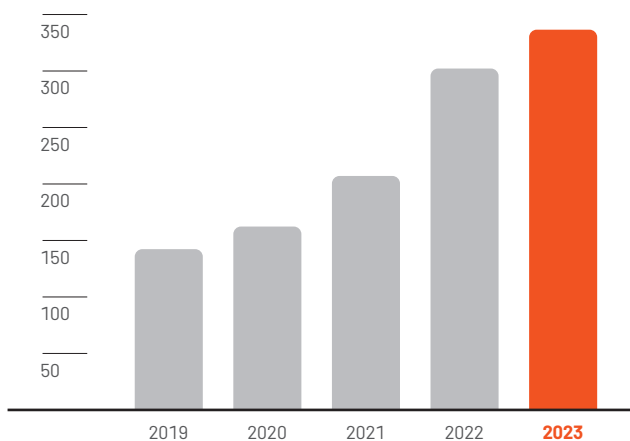
18.57 38.66 119.48 201.26 **226.11**



TOTAL ASSETS

(RM million)

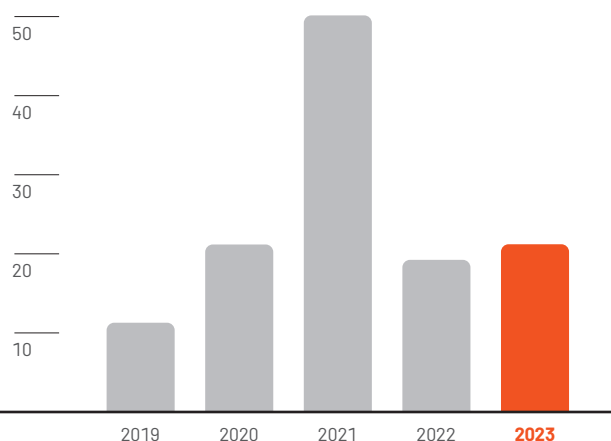
140.34 160.61 205.66 301.78 **335.67**



NET ASSET/SHARE

(Sen)

11 21 50 19 **21**



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of Microlink Solutions Berhad (Company) is pleased to provide an overview of the corporate governance practices of the Company. The Board strongly believes in the importance of having and adhering to a sound corporate governance framework in order to deliver sustainable value, enhance shareholders' confidence and achieve the corporate objectives and vision of the Company and its subsidiaries (Group).

This Corporate Governance Overview Statement (CG Overview Statement) seeks to provide investors with key insights into the corporate governance practices of the Company. In this Statement, the Board reports on the way in which the Group has, throughout the financial year ended (FYE) 31 March 2023, adopted and applied the statutory requirements, principles and best practices as set out in the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities), Companies Act 2016 (CA 2016) and the Malaysian Code on Corporate Governance 2021 (MCCG 2021). It also addresses future priorities of the Company.

The Company has generally complied with the MCCG 2021 for the period under review. The status of the Company's application of the MCCG 2021 is disclosed in our Corporate Governance Report 2023 (CG Report) which is accessible to the public at the Company's website <https://www.microlink.com.my/reports/annual-report-2023/>. The CG Report provides details on how the Company has applied each Practice during FYE 31 March 2023, including details of any departures and alternative measures put in place within the Company. It also demonstrates the commitment of the Board and Management of the Group in applying and embracing the highest standards of Corporate Governance across the organisation.

This CG Overview Statement serves to show how our measures are aligned with the principles of good governance in accordance with the MCCG 2021. References are made to the following three (3) key Corporate Governance principles as contained in the MCCG 2021:

A

BOARD LEADERSHIP & EFFECTIVENESS;

B

EFFECTIVE AUDIT & RISK MANAGEMENT; AND

C

**INTEGRITY IN CORPORATE REPORTING & MEANINGFUL
RELATIONSHIP WITH STAKEHOLDERS.**

This CG Overview Statement is to be read together with the CG Report, which was approved by the Board on even date.



PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

A) BOARD RESPONSIBILITIES

Board Leadership

The Board has overall responsibility for corporate governance, strategic direction, corporate planning and overseeing the investment and business of the Group, the ultimate aim being to create and deliver sustainable value and long-term success.

Separation of Positions of Chairman & Executive Director

The positions of Chairman and Executive Director are held by separate individuals and their roles and responsibilities are distinct, as stated in the Board Charter.

Access to Information, Advice & Company Secretary

In carrying out its duties, the Board has full and unrestricted access to all information within the Company and the Group, as well as the advice and services of Senior Management and the Company Secretary. The roles and responsibilities of the Company Secretary are clearly specified in the Board Charter.

Board Charter

In discharging its duties and responsibilities effectively, the Board is guided by the Board Charter, which clearly defines its roles and responsibilities. The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

Board Committees

The Board has established five Board Committees:

- Audit & Risk Management Committee (ARMC)
- Nominating Committee (NC)
- Remuneration Committee (RC)
- Long-Term Incentive Plan Committee (LTIPC) and
- Executive Committee (EXCO)

These Committees are each entrusted with specific oversight responsibilities for the Group's affairs and are granted the authority to act on the Board's behalf in accordance with their respective Terms of Reference (TOR). Nevertheless, the Board is ultimately accountable and responsible for the affairs and business of the Group.

The Board had on 3 April 2023 approved the merging of NC, RC and LTIPC into a single committee known as "Nominating, Remuneration and Long-Term Incentive Plan Committee" (NRLTIPC) with effect from 3 April 2023.

The Board Charter and the respective TOR of the ARMC and NRLTIPC are available for reference at the Company's website: <https://www.microlink.com.my/investor-relations/board-governance/>.

Board Meetings & Attendance

The Board holds at least four (4) scheduled quarterly meetings, with additional meetings being convened as and when necessary. Prior to each meeting, every Director is provided with the complete agenda and a set of Board papers well in advance in order to provide ample time to review matters to be deliberated at the meeting and so facilitate informed decision-making.

Senior Management members are also invited to attend these meetings, as and when required, to provide the Board with the necessary information and clarification on issues deliberated during the meetings.

A formal schedule of matters is adopted which includes strategy and policy issues, major investments, financial decisions and the annual business plan.

During FYE 31 March 2023, the Board met six (6) times during which it reviewed and approved various issues. These included the quarterly financial results of the Group for announcement to Bursa Securities, a fund-raising exercise, bonus issue, corporate exercise and strategic decisions, as well as the financial and operational performance of the Group. The Board also reviewed the adequacy of the Group's internal control system.

In view of the COVID-19 pandemic and subsequent Movement Control Orders imposed by the Malaysian Government, the Board has leveraged on technology to be able to continue to convene Board and Board Committee meetings. During FYE 31 March 2023, all these meetings were held as fully virtual and/or hybrid sessions.

The attendance record of the Directors at the Board meetings during the period under review is provided below:

| Director | Total Meetings Attended |
|--|-------------------------|
| Tun Arifin bin Zakaria | 6/6 |
| Tan Sri Jaganath Derek Steven Sabapathy | 6/6 |
| Monteiro Gerard Clair | 6/6 |
| Dato' Sri Chee Hong Leong | 6/6 |
| Dato' Ahmad Najmi bin Abdul Razak (Appointed on 20 December 2022) | 1/1 |
| Tai Keat Chai | 6/6 |
| Martin Chu Leong Meng | 6/6 |
| Wan Mai Gan (Appointed on 18 July 2022) | 3/3 |
| Noor Zaliza Yati binti Yahya (Appointed on 20 December 2022) | 1/1 |
| Mah Xian-Zhen (Resigned on 18 July 2022) | 3/3 |
| Dato' Seri Mohd Khairi bin Dato' Mat Jahya (Resigned on 20 December 2022) | 4/5 |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim (Resigned on 6 June 2023) | 5/6 |

During FYE 31 March 2023, all Directors have complied with the minimum 50 percent attendance requirement at Board meetings as stipulated by the Main LR. As such, the Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

Code of Ethics & Conduct

The Board has formulated and adopted a Code of Ethics & Conduct (Code of Ethics) which applies to all employees and Directors of the Group. The Code, together with other related policies, procedures and guidelines, sets out the principles to guide standards of behaviour and business conduct when employees and Directors deal with third-party individuals or external organisations. These principles are integrated into company-wide management practices. The Directors also observe the Company Directors' Code of Ethics, as established by the Companies Commission of Malaysia.

Whistleblowing Policy

The Group's Whistleblowing Policy (WP) provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any suspected misconduct, without fear of retribution or intimidation. Confidentiality and anonymity are assured to stakeholders who disclose their concerns in good faith and, in doing so, have followed the appropriate disclosure procedures. The WP sets out a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed in respect of the appropriate personnel and definitive action can be taken.

Anti-Bribery & Corruption Policy

In line with the Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Company has developed and adopted an Anti-Bribery & Corruption Policy (ABC). This policy sets out the proper practices to be adhered to in relation to improper solicitation, bribery and other corrupt activities and/or issues that may arise in the course of business. The policy is applicable to every employee and Director of the Group.

In addition, the Board has also formulated an Anti-Corruption Policy for Third Parties (ABC - Third Parties) which sets out guidelines to be complied with by third parties engaging with the Group.

The Code of Ethics, WP, ABC and ABC - Third Parties are available for reference at the Company's website <https://www.microlink.com.my/investor-relations/board-governance/>.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D.)

B) BOARD COMPOSITION

Board Balance & Composition

As at FYE 31 March 2023, the Board comprised ten (10) members:

| | |
|---|---|
| 7 | Independent Non-Executive Directors (INED) |
| 2 | Non-Independent Non-Executive Directors (NINED) |
| 1 | Executive Director |

During the year under review, the Board saw changes to its composition with the appointments of Dato' Ahmad Najmi bin Abdul Razak and Noor Zaliza Yati binti Yahya as NINED and INED respectively on 20 December 2022 and Wan Mai Gan on 18 July 2022. Both Dato' Seri Mohd Khairi bin Dato' Mat Jahya and Mah Xian-Zhen had resigned on 20 December 2022 and 18 July 2022 respectively. Subsequently on 6 June 2023, Tan Sri Datuk Seri (Dr) Mazlan bin Lazim resigned as an INED of the Company.

The Board's composition complies with the requirements mandated by the Main LR of Bursa Securities. In light of the annual review conducted by the NC, the Board is of the view that the current Board composition is appropriate in terms of its membership and size.

The Board is well-represented by individuals with diverse professional backgrounds and experience in the areas of finance, accounting, economics, law, business, systems implementation and software products. The diversity of skill, experience and knowledge of its members in these various disciplines and professions allows the Board to address and/or to resolve any related issues in an effective and efficient manner.

There is also a balance in the Board composition with the presence of INEDs of the necessary calibre and experience to carry sufficient weight in Board discussions and decisions. These individuals, together with the Non-Independent and Non-Executive Directors, are highly experienced. Their willingness to challenge the Management without apprehension with pertinent questions, and to debate constructively during Board meetings, helps to reinforce the checks and balances of the Board's decision-making process.

While all the Directors hold equal responsibility for the Group's operations, the role of the INED is particularly important in providing an independent view, advice and judgment that take into account the interests of the Group, shareholders, employees and communities in which the Group operates.

The Profiles of the Directors are presented on pages 21 to 26 of Volume 1 of this Annual Report.

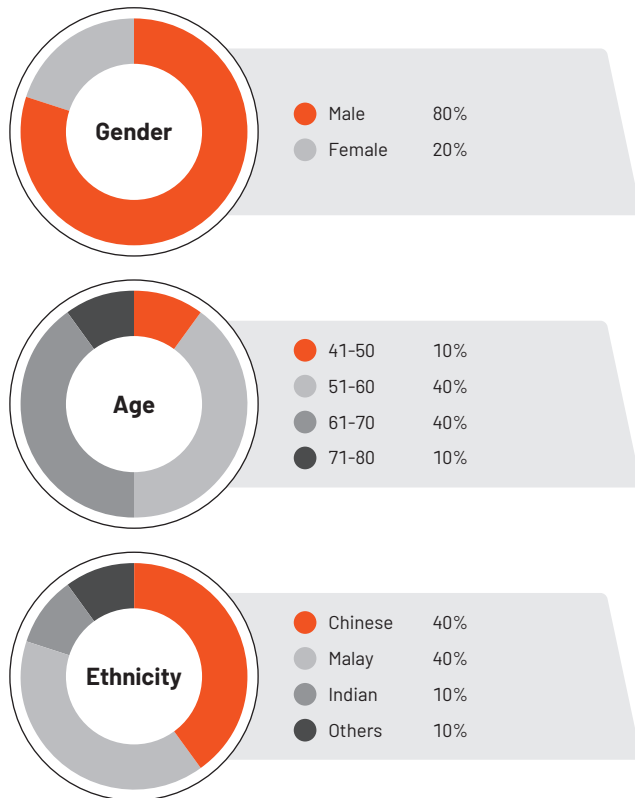
Reinforce Independence

The NC is responsible for assessing the independence of the INED annually. This assessment is based on the independent and constructive views, deliberations and contributions put forward by the INED during the Board meetings. This process is conducted through the Assessment of Independence of INED as part of the annual Board Evaluation. The criteria for assessing independence, as developed by the NC, are applied upon admission, annually and when any new interest or relationship develops.

The NC and the Board have, upon their assessment, concluded that the INEDs continue to demonstrate conduct and behaviour that are essential indicators of independence and their ability to act in the best interests of the Company. It has determined that they continue to fulfil the definition of independence, as set out in the Main LR.

The Board acknowledges the vital need for diversity to ensure good governance practice and to enhance the efficient functioning of the Board. The Board believes the appointment of new members is guided by the skills, experience, competency and knowledge of the individual candidate(s). Any potential Board candidate will be assessed, wherever reasonably possible, in line with the Board Diversity Policy of the Company.

The Board's diversity breakdown as at FYE 31 March 2023 is depicted in the following matrix:



Nominating Committee Report

The NC established by the Board is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees as and when they may arise.

The NC is comprised, in the majority, of INEDs with the Chairman being independent and able to contribute effectively to the NC. Meetings of the NC are held as and when required, and at least once a year.

The Board had on 3 April 2023 approved the merging of NC, RC and LTIPC into a single committee known as NRLTIPC with effect from 3 April 2023.

The current composition of the NRLTIPC is as set out on page 19 of Volume 1 of this Annual Report.

The TOR of the NRLTIPC are available for reference at the Company's website: <https://www.microlink.com.my/investor-relations/board-governance/>.

During FYE 31 March 2023, four (4) meetings were held. The NC carried out the following activities:

- Assessed the size, composition and effectiveness of the Board Committees and each of its members;
- Reviewed the overall composition of the Board in terms of appropriate size, required mix of skills, experience, core competencies and effectiveness, as well as adequacy of balance between Executive Director and INEDs;
- Evaluated each Director's performance and ensured no conflict of interest;
- Assessed and confirmed the independence of the INEDs;
- Reviewed the term of office and performance of the ARMC and each of its members;
- Reviewed and made recommendations to the Board with regard to Directors seeking re-election at the Company's 19th Annual General Meeting (AGM);
- Evaluated the training needs of the Board;
- Discussed the nomination and appointment of new candidates as Directors of the Company; and
- Discussed the nomination and appointment of Chief Executive Officer of the Company.

Details on the criteria used in the selection and election process of Directors, as well as the assessment undertaken by the NC, together with the criteria used for such assessment, are set out in the CG Report.

Directors' Training

The Directors are mindful of the need for continuous training to keep abreast of new developments in the technology sector and regulatory environment. As such, they are encouraged to attend forums, seminars, workshops and conferences facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

During the year under review, the NC reviewed and evaluated the training needs of the Directors and encouraged the individual Directors to identify and pursue their respective training needs. The Company Secretary has also periodically informed the Directors of the availability of appropriate courses, conferences and seminars. The Directors have been encouraged to attend such training at the Company's expense.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS (CONT'D.)

All the Directors of the Company have attended and successfully completed the MAP prescribed under the Main LR. In addition, the training/courses attended by the Directors during FYE 31 March 2023 are as follows:

| Director | Training/Courses Attended | Date |
|--|--|------------------------|
| Tun Arifin bin Zakaria | • Civil Law E-Conference | 1 & 2 July 2022 |
| | • Judicial Management and Corporate Rescue | 22 July 2022 |
| | • International Directors' Summit | 26 – 28 September 2022 |
| | • Graduating from Law School. What's Next? | 7 January 2023 |
| | • Fact Finding and the Assessment of Evidence | 8 February 2023 |
| | • The Future of the Legal Profession and Legal Professional Ethics | 16 February 2023 |
| Tan Sri Jaganath Derek Steven Sabapathy | • Sime Training and Updates on Cybersecurity to Board of Directors | 22 November 2022 |
| Monteiro Gerard Clair | • WSF Conference & Annual General Meeting 2022 | 28 – 30 October 2022 |
| | • Workshop – Humanize your core banking technology to offer the best customer experience | 24 November 2022 |
| Dato' Ahmad Najmi bin Abdul Razak | Mandatory Accreditation Program for Directors of Public Listed Companies | 7 & 8 March 2023 |
| Tai Keat Chai | SSM National Conference 2022 – Corporate Governance and Sustainability | 26 & 27 July 2022 |
| Wan Mai Gan | • Corporate Governance & Remuneration Practices for the ESG World | 6 September 2022 |
| | • Fraud Risk Management – Tools & Techniques | 21 October 2022 |
| | • Reserved Matters for Shareholders | 16 March 2023 |
| Noor Zaliza Yati binti Yahya | • Board of Directors ESG Awareness Training | 22 February 2023 |
| | • Sustainability Series – (Re)Building the Board for Innovation | 28 February 2023 |
| | • MIA Webinar Series: Board of Director Leadership – ESG Essentials | 21 & 22 March 2023 |

Saved as disclosed above, other Directors of the Company were not able to attend any suitable training programmes during the financial year under review due to their respective work schedule. Nevertheless, these Directors continue to devote sufficient time to update their knowledge and enhance their skills through other channels, in line with the ever-changing commercial challenges and risks.

During the Board Committee and Board meetings, the Directors continuously receive briefings and updates from the Management, External Auditors, Company Secretary and Internal Auditors on a variety of topics. These include, but are not limited to, the Group's businesses and operations, risk management activities, corporate governance, finance, new developments in the business environment, new regulations and statutory requirements.

The Board will continue to evaluate and determine the training needs of its Directors to enhance their skills and knowledge.

Re-election of Directors

In accordance with the Company's Constitution, one third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election at each AGM. This is provided always that all Directors shall retire from office once every three (3) years but shall be eligible for re-election. The Directors to retire every year shall be those who have been longest in office since their last election.

The Constitution of the Company further provides that Directors who are appointed by the Board to fill a casual vacancy, or as an addition to the existing Board, are subject to re-election by the shareholders at the next AGM following their appointment.

C) REMUNERATION

Remuneration Committee (RC)

The RC is comprised entirely of Non-Executive Directors. The RC is entrusted under its TOR to assist the Board, amongst others, to carry out an annual review of salaries, incentive arrangements and other employment conditions of the Executive Directors and Senior Management. Meetings of the RC are held as and when required, and at least once a year.

The Board had on 3 April 2023 approved the merging of NC, RC and LTIPC into a single committee known as NRLTIPC with effect from 3 April 2023.

The current composition of the NRLTIPC is as set out on page 19 of Volume 1 of this Annual Report.

During FYE 31 March 2023, three (3) RC meeting were held. The RC, in discharging its functions and duties, carried out the following activities:

- Reviewed and recommended the Group Annual Increment and Bonus Performance for FYE 31 March 2022;
- Reviewed and recommended the payment of Directors' Fees and benefits for the period from 3 September 2022 until the next AGM of the Company;
- Reviewed remuneration package for the Executive Director and Chief Executive Officer of the Company; and
- Reviewed and recommended the Proposed Shares Grant via Issuance of New MSB Shares under the ESOP pursuant to the LTIP.



PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS**Directors' Remuneration**

The remuneration of the Executive and Non-Executive Directors paid/payable by the Group for the financial year under review is as set out in the accompanying table:

| Category | Directors' Fees (RM) | Salaries (RM) | Defined Contribution Plan (RM) | Benefits-In-Kind (RM) | Equity Compensation Benefits (RM) | Other Emoluments (RM) | Total (RM) |
|--|------------------------|------------------------|--------------------------------|-----------------------|-----------------------------------|-----------------------|------------|
| Executive Director | | | | | | | |
| Monteiro Gerard Clair | - | 540,968 ⁽⁴⁾ | 87,317 | 79,413 ⁽⁷⁾ | 126,695 | | 834,393 |
| Non-Executive Directors | | | | | | | |
| Tun Arifin bin Zakaria | 190,800 ⁽¹⁾ | - | - | 21,250 ⁽⁶⁾ | - | 7,420 ⁽⁵⁾ | 219,470 |
| Tan Sri Jaganath Derek Steven Sabapathy | 128,790 ⁽²⁾ | - | - | - | - | 10,600 ⁽⁵⁾ | 101,500 |
| Dato' Sri Chee Hong Leong | 62,500 ⁽³⁾ | - | - | 25,000 ⁽⁸⁾ | - | 14,000 ⁽⁵⁾ | 101,500 |
| Dato' Ahmad Najmi bin Abdul Razak (Appointed on 20 December 2022) | 16,775 ⁽³⁾ | - | - | - | - | 1,000 ⁽⁵⁾ | 17,775 |
| Tai Keat Chai | 85,000 ⁽³⁾ | - | - | - | - | 15,000 ⁽⁵⁾ | 100,000 |
| Martin Chu Leong Meng | 73,746 ⁽³⁾ | - | - | - | - | 19,000 ⁽⁵⁾ | 92,746 |
| Wan Mai Gan (Appointed on 18 July 2022) | 51,218 ⁽³⁾ | - | - | - | - | 11,000 ⁽⁵⁾ | 62,218 |
| Noor Zaliza Yati binti Yahya (Appointed on 20 December 2022) | 16,775 ⁽³⁾ | - | - | - | - | 1,000 ⁽⁵⁾ | 17,775 |
| Mah Xian-Zhen (Resigned on 18 July 2022) | 21,783 ⁽³⁾ | - | - | - | - | 7,000 ⁽⁵⁾ | 28,783 |
| Dato' Seri Mohd Khairi bin Dato' Mat Jahya (Resigned on 20 December 2022) | 43,548 ⁽³⁾ | - | - | - | - | 3,000 ⁽⁵⁾ | 46,548 |
| Tan Sri Datuk Seri (Dr) Mazlan bin Lazim (Resigned on 6 June 2023) | 61,754 ⁽³⁾ | - | - | - | - | 9,000 ⁽⁵⁾ | 70,754 |

⁽¹⁾ Fees paid/payable by the Company for acting as the Chairman of the Board

⁽²⁾ Fees paid/payable by the Company for acting as a Non-Independent Non-Executive Deputy Chairman

⁽³⁾ Fees paid/payable by the Company for acting as Independent Non-Executive Director/Non-Independent Non-Executive Director

⁽⁴⁾ Salaries and other emoluments paid by the Company for acting as Executive Director

⁽⁵⁾ Meeting Allowances paid by the Company

⁽⁶⁾ Benefits-In-Kind paid by the Company for acting as the Chairman of the Board

⁽⁷⁾ Benefits-In-Kind paid by the Company for acting as Executive Director

⁽⁸⁾ Benefits-In-Kind paid by a subsidiary company

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

A) AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

As at FYE 31 March 2023, the ARMC comprises three (3) members, all of whom are INEDs. The current composition of the ARMC is as set out on page 46 of Volume 1 of this Annual Report.

The ARMC undertakes an annual assessment of the suitability and independence of the External Auditors in accordance with the External Auditor Independence Policy. Having satisfied itself with their performance and fulfilment of criteria as set out in the policy, the ARMC will recommend their re-appointment to the Board, after which the shareholders' approval will be sought at the subsequent AGM.

Assurance is sought from the External Auditors throughout the conduct of the audit engagement in confirming their independence in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC Report is presented on pages 46 to 47 of Volume 1 of this Annual Report.

B) RISK MANAGEMENT FRAMEWORK

Details on the key features of the risk management framework are set out in the Statement on Risk Management & Internal Control on pages 43 to 45 of Volume 1 of this Annual Report.

C) INTERNAL AUDIT FUNCTION

Details of the Group's internal control systems and the state of internal controls are further elaborated under the Statement on Risk Management & Internal Control. This Statement has been reviewed by the Company's External Auditors, and is provided separately on pages 43 to 45 of Volume 1 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A) COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Through extensive disclosures of appropriate and relevant information, the Company aims to effectively provide shareholders and investors with information to maintain transparency and accountability. In this respect, the Company keeps shareholders informed via announcements and timely release of quarterly financial reports, press releases, annual reports and circulars to shareholders.

Shareholders and members of the public may obtain information on the Group's operations and activities, as well as press releases, announcements and financial information, etc. from the Company's website: www.microlink.com.my.

In line with this, a Shareholders' Communication Policy has been adopted by the Company which sets out the framework that it has put in place to promote effective communication with the shareholders. This enables the shareholders to engage actively with the Company and exercise their rights as shareholders in an informed manner. The Shareholders' Communication Policy is available for reference at the Company's website: <https://www.microlink.com.my/investor-relations/board-governance/>.

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D.)

B) CONDUCT OF GENERAL MEETINGS

The Annual General Meeting (AGM) and other meetings of the shareholders, including any Extraordinary General Meeting (EGM) of the Company, are the principal forums for dialogue and interaction with shareholders. At such meetings, individual shareholders may raise questions or concerns with regard to the Company as a whole. Shareholders are also encouraged to participate in question and answer sessions. The Board, Senior Management and relevant advisors are on hand to answer questions raised and provide clarifications as required.

Following the outbreak of the COVID-19 pandemic in 2020, the Company leveraged on technology by conducting its 19th AGM as virtual session. This was conducted via a secure digital platform. All Directors including the Chairman were in attendance at the designated broadcast venue.

The notice for the 19th AGM was provided more than 28 days in advance to enable shareholders to make adequate preparation. Shareholders attending the 19th AGM were able to participate, speak (in the form of real-time submission of typed texts) and cast their votes in real time via the electronic voting facilities provided by the virtual meeting platform. The remote poll voting results were validated by an independent scrutineer and made available immediately following the broadcast.

COMPLIANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with the Main LR. Having reviewed and deliberated this Statement, the Board is satisfied that, to the best of its knowledge, for the financial year under review the Company is substantially in compliance with the principles and practices set out in the MCCG 2021, as well as the relevant paragraphs under the Main LR. This statement has been presented and approved by the Board at its meeting held on 10 July 2023.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Microlink Solutions Berhad (Board) acknowledges its stewardship responsibility for the risk management and internal control system throughout Microlink Solutions Berhad and its subsidiaries (the Group) as well as for reviewing its adequacy and effectiveness.

This Statement on Risk Management & Internal Control is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) and Guidance Note 9 of Bursa Malaysia Securities Berhad (Bursa Securities).

BOARD RESPONSIBILITIES

The Board recognises that a sound system of risk management and internal control is an integral part of good corporate governance. The Board is committed and affirms its overall responsibility to maintain both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group to ensure that shareholders' interests and the Group's assets are safeguarded.

Due to limitations inherent in any system of internal control and risk management, such system put in place by management is only designed to manage rather than eliminate risks of failure in the course of achieving business and corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatements, losses or fraud. Due to the ever-changing business environment and conditions, the effectiveness of an internal control and risk management system may vary over time.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board acknowledges that all areas of the Group's activities involve a certain degree of risk and recognises that effective risk management is part of good business management practice for the successful achievement of the Group's business objectives. The oversight of this critical area is carried out by the Audit & Risk Management Committee (ARMC) comprising the Board Members.

The Group has in place a Risk Management Framework to proactively identify, assess, evaluate and manage key risks to an optimal level. The Group has updated the risk register with key potential risks identified, along with the implementation of appropriate risk response strategies and controls in managing these risks.

As part of the risk assessment (RA) process, focus group sessions were conducted to gain an understanding of changes in business models, strategies, and business operations, to evaluate the current key risks and controls in place as well as to note management concerns or issues. The RA has been conducted as part of a continued



activity to create awareness of, understand and evaluate the current key risks vis-a-vis the enterprise risks. Risk implications due to any changes in business models, strategies and business operations were identified, assessed and documented. This assessment serves as a basis for management to take stock of the risks faced by the Group and put in place action plans to manage those risks. The results of the RA are incorporated in the reporting to the ARMC.

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. From time to time, the framework is reviewed to ensure that risks and controls are updated to reflect current situations and to ensure relevance at any given time.

Internal audits are carried out to ensure mitigating measures are continuously implemented.

INTERNAL AUDIT

The internal audit (IA) function of the Group was outsourced to Quadrant Biz Solutions Sdn Bhd, an independent professional firm for FYE 31 March 2023. The cost incurred by the Group on the internal audit function in carrying out its duties in respect of FYE 31 March 2023 amounted to RM80,000.

The Group's internal control systems are continually being reviewed and enhanced to ensure changes in the Group's business and operating environment are adequately managed. The Board, through the ARMC, currently obtains regular assurance on the adequacy and effectiveness of the internal control system through independent reviews performed by an outsourced professional internal audit function services firm. The Internal Auditors report directly to the ARMC with the principal responsibility of performing regular and systematic reviews of the internal control system.

During the year under review, the internal audit function conducted reviews in accordance with the risk-based internal audit plan approved by the ARMC. Based on the internal audit reviews carried out, the results, including findings of the internal audit and recommended corrective actions, were presented to the ARMC at the scheduled meetings. In addition, follow-up reviews were conducted to ensure recommendations for improvement on the internal control system are being satisfactorily implemented.

Based on the internal audit review conducted, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.



COMMENTARY ON ADEQUACY & EFFECTIVENESS

The Board is of the view that the systems of risk management and internal controls described above have been in place for the year under review and up to the approval of this statement for inclusion in the Annual Report.

In making this statement, the Board has received assurance from the Group Chief Executive Officer and Group Chief Financial Officer that the risk management and internal control systems are operating adequately and effectively in all material aspects for reporting.

The Board is committed towards operating a sound system of internal control with effective risk management practices implemented throughout the Group and is of the view that there were no significant weaknesses in the risk management and internal control systems of the Group which had resulted in material losses, contingencies or uncertainties requiring disclosure in the Annual Report.

Nevertheless, the Board is cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, develop appropriate action plans to further enhance the Group's system of internal control and risk management.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management & Internal Control, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management & Internal Control intended to be included in the Annual Report for the financial year ended 31 March 2023 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management & Internal Control factually inaccurate.

The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information and AAPG3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Audited Report* issued by the Malaysian Institute of Accountants which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

There was no major internal control weakness identified that may result in any material loss or uncertainty that requires disclosure in the Annual Report. The Group continually evaluates and takes measures to strengthen the internal control and risk management environment.

This statement is made in accordance with approval from the Board of Directors dated 10 July 2023.



AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit & Risk Management Committee (ARMC) comprises the following three (3) Directors:

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

Martin Chu Leong Meng
- Independent Non-Executive Director

Wan Mai Gan
- Independent Non-Executive Director

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the ARMC is guided by its Terms of Reference, which are available to view at the Company's website <https://www.microlink.com.my/investors-relations/board-governance/>.

MEETINGS AND ATTENDANCE

The ARMC held a total of seven (7) meetings during the financial year ended (FYE) 31 March 2023. The attendance record of the respective members is as follows:

| Committee Member | Total Meetings Attended |
|---|-------------------------|
| Tai Keat Chai | 7/7 |
| Martin Chu Leong Meng | 7/7 |
| Wan Mai Gan (Appointed on 18 July 2023) | 4/4 |
| Mah Xian-Zhen (Resigned on 18 July 2023) | 3/3 |

SUMMARY OF ACTIVITIES

During FYE 31 March 2023, the ARMC carried out the following activities:



Financial Results

- Reviewed the quarterly financial results and the annual audited financial statements of the Company and the Group and recommended to the Board for their consideration and approval prior to release to Bursa Malaysia Securities Berhad (Bursa Securities).



Related Party Transactions

- Reviewed related party transactions within the Company and/or the Group, including any transaction, mandate, procedure or course of conduct that raises questions of Management integrity.



Internal Audit

- Reviewed the updates on the Internal Audit for FYE 31 March 2023; and
- Reviewed the proposed Internal Audit Plan for financial year ending 2024 and 2025.



External Audit

- Reviewed the Audit completion of the Group for FYE 31 March 2022;
- Reviewed the Company's Audited Financial Statements for FYE 31 March 2022 and recommended to the Board for their approval and release to Bursa Securities;
- Reviewed and recommended to the Board on the re-appointment of the External Auditors;
- Reviewed and assessed the performance and independence of the External Auditors;
- Reviewed the Audit Planning Memorandum for FYE 31 March 2023 of the Company;

- Discussed any pertinent points/reservations on issues arising from the audit of the Company's accounts which the External Auditors may have to raise to the ARMC, in the absence of the executive Board members and Management; and
- Reviewed with the External Auditors any issues affecting the operations of the Group, as well as the necessary remedial actions, and thereafter reported the same to the Board.



Other Matters

- Reviewed and approved the Statement by the ARMC for inclusion into the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- Reviewed the Statement on Risk Management & Internal Control and the ARMC Report for inclusion in the Company's Annual Report;
- Reviewed and verified the allocation of share options pursuant to the Long-Term Incentive Plan (LTIP) for the FYE 31 March 2022; and
- Reviewed and recommended to the Board for their consideration and approval for the Proposed Transfer of the Listing and Quotation for the Entire Issued Share Capital from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.

INTERNAL AUDIT FUNCTION

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investments and the Company's assets. The Internal Audit (IA) function in the Company is outsourced to an independent professional firm of internal auditors to assist in identifying, evaluating, monitoring and managing the significant risks. This ensures proper risk management, adequacy and integrity of the internal control systems in line with the requirements of the Statement on Internal Control - Guidance for Directors of Public Listed Companies. The Internal Auditors report directly to the ARMC.

A summary of work of the IA function during FYE 31 March 2023 is as follows:

- Conducted scheduled IA engagements, focusing primarily on the effectiveness of internal controls and recommended improvements where necessary;
- Reviewed the system of internal controls and business processes based on the approved Group IA Plan by adopting a risk-based approach, and recommended improvements to the existing system of controls;
- Presented the IA Report, which included audit findings, audit recommendations and management's response and also recommended corrective measures proposed by the Internal Auditors to the ARMC; and
- Conducted follow-up reviews to assess if appropriate action had been taken to address issues highlighted in previous audit reports.

The total cost incurred in respect of the Company's internal audit function for FYE 31 March 2023 was RM80,000 (FYE 2022: RM100,000).



STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, the Main Market Listing Requirements (Main LR) and the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board (MASB).

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company present a true and fair view of the state of affairs of the Group and the Company as at the financial year end and their financial performance and cash flows for the financial year then ended.

In preparing the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023, the Directors have ensured that appropriate and relevant accounting policies have been adopted and consistently applied, reasonable and prudent judgments and estimates have been exercised and going concern basis adopted.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2016, the Main LR and the requirements of the applicable approved Financial Reporting Standards issued by the MASB.

The Directors have overall responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



ANALYSIS OF SHAREHOLDINGS

As at 30 June 2023

ORDINARY SHARES

| | |
|-------------------------------|---|
| Total number of issued shares | : 1,072,396,160 ordinary shares |
| Class of Shares | : Ordinary Shares |
| Voting Rights | : One (1) vote per ordinary share on a poll |
| Number of Shareholders | : 4,822 |

DISTRIBUTION OF ORDINARY SHAREHOLDERS

according to statistical summary of the Record of Depositors as at 30 June 2023

| Size of Holdings | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Issued Capital |
|--|---------------------|-------------------|----------------------|---------------------|
| Less than 100 issued shares | 2,922 | 60.60 | 49,842 | 0.00 |
| 100 to 1,000 issued shares | 662 | 13.73 | 263,002 | 0.02 |
| 1,001 to 10,000 issued shares | 676 | 14.02 | 3,203,552 | 0.30 |
| 10,001 to 100,000 issued shares | 370 | 7.67 | 13,032,296 | 1.22 |
| 100,001 to less than 5% of issued shares | 186 | 3.86 | 441,857,196 | 41.20 |
| 5% and above of issued shares | 6 | 0.12 | 613,990,272 | 57.25 |
| Total | 4,822 | 100.00 | 1,072,396,160 | 100.00 |

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS

according to the Record of Depositors as at 30 June 2023

| Name | No. of Shares Held | % |
|---|--------------------|-------|
| 1. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Omesti Holdings Berhad | 184,000,000 | 17.16 |
| 2. Citigroup Nominees (Tempatan) Sdn Bhd Kenanga Investors Berhad for Gading Sari Ventures Sdn Bhd | 115,000,000 | 10.72 |
| 3. Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Kenanga Islamic Absolute Return Fund | 100,058,000 | 9.33 |
| 4. Omesti Holdings Berhad | 84,374,272 | 7.87 |
| 5. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Omesti Holdings Berhad | 72,000,000 | 6.71 |
| 6. Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Kenanga Absolute Return Fund | 58,558,000 | 5.46 |
| 7. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Omesti Holdings Berhad (SMART) | 46,275,000 | 4.32 |
| 8. Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd | 46,000,000 | 4.29 |
| 9. Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for Kenanga Investors Bhd | 39,000,000 | 3.64 |

ANALYSIS OF SHAREHOLDINGS (CONT'D.)

As at 30 June 2023

| | Name | No. of Shares Held | % |
|-----|--|-----------------------|--------------|
| 10. | Jaganath Derek Steven Sabapathy | 16,868,000 | 1.57 |
| 11. | Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mary Anne Woon Lai Kheng | 16,500,160 | 1.54 |
| 12. | Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Mohamed Nizam bin Abdul Razak (PB) | 12,408,300 | 1.16 |
| 13. | Chan Kong Yew | 10,330,500 | 0.96 |
| 14. | Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kin Lip (8058900) | 9,770,800 | 0.91 |
| 15. | Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Mohamed Nazim bin Abdul Razak (PW-M00363) (408782) | 9,200,000 | 0.86 |
| 16. | RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Low Choon Chong | 9,200,000 | 0.86 |
| 17. | CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Kenanga Yield Enhancement Fund | 9,170,000 | 0.86 |
| 18. | Citigroup Nominees (Asing) Sdn Bhd Exempt an for Citibank New York (Norges Bank 14) | 8,802,300 | 0.82 |
| 19. | Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Monteiro Gerard Clair | 8,441,400 | 0.79 |
| 20. | Lim Tien Li | 7,780,000 | 0.73 |
| 21. | Monteiro Gerard Clair | 7,632,888 | 0.71 |
| 22. | Chor Wan Yoke | 7,554,000 | 0.70 |
| 23. | Newfields Capital Sdn Bhd | 6,650,000 | 0.62 |
| 24. | Yee Kok Leong | 5,600,000 | 0.52 |
| 25. | Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM KAF) (446190) | 5,500,000 | 0.51 |
| 26. | Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Foong Kuok Jian (PW-M00088) (197120) | 5,280,000 | 0.49 |
| 27. | Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Siew Kwok | 5,178,900 | 0.48 |
| 28. | Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiza Global Sdn Bhd | 5,000,000 | 0.47 |
| 29. | Jacqueline A/P Earthayanathan | 4,447,200 | 0.41 |
| 30. | RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Chan Yau @ Cheah Chan Yau | 4,300,000 | 0.40 |
| | Total | 920,879,720 | 85.87 |

SUBSTANTIAL ORDINARY SHAREHOLDERS

according to the Register of Substantial Shareholders as at 30 June 2023

| Name | No. of Shares Held | | | |
|--|--------------------|-------|----------------------------|-------|
| | Direct Interest | % | Deemed Interest | % |
| 1. Omesti Holdings Berhad (OHB) | 390,594,972 | 36.42 | - | - |
| 2. Omesti Berhad (Omesti) | - | - | 390,594,972 ⁽¹⁾ | 36.42 |
| 3. RHB Trustees Berhad - Kenanga Absolute Return Fund | 58,558,000 | 5.46 | - | - |
| 4. RHB Trustees Berhad - Kenanga Islamic Absolute Return Fund | 100,058,000 | 9.33 | - | - |
| 5. Gading Sari Ventures Sdn Bhd | 115,000,000 | 10.72 | - | - |
| 6. Gading Sari Holdings Sdn Bhd | - | - | 115,000,000 ⁽²⁾ | 10.72 |
| 7. KDYMM Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah | - | - | 115,000,000 ⁽³⁾ | 10.72 |

DIRECTORS' INTERESTS IN ORDINARY SHARES IN THE COMPANY

according to the Register of Directors' Shareholdings as at 30 June 2023

| MICROLINK SOLUTIONS BERHAD | | No. of Shares Held | | | |
|--------------------------------------|---|--------------------|------|-----------------------|------|
| | | Direct Interest | % | Deemed Interest | % |
| Director | | | | | |
| 1. | Tun Arifin bin Zakaria | 1,600,000 | 0.15 | - | - |
| 2. | Tan Sri Jaganath Derek Steven Sabapathy | 17,868,000 | 1.66 | - | - |
| 3. | Dato' Sri Chee Hong Leong | - | - | - | - |
| 4. | Dato' Ahmad Najmi bin Abdul Razak | - | - | - | - |
| 5. | Monteiro Gerard Clair | 37,205,296 | 3.50 | 31,464 ⁽⁴⁾ | 0.00 |
| 6. | Tai Keat Chai | - | - | - | - |
| 7. | Martin Chu Leong Meng | - | - | - | - |
| 8. | Wan Mai Gan | - | - | - | - |
| 9. | Noor Zaliza Yati binti Yahya | - | - | - | - |
| Group Chief Executive Officer | | | | | |
| 1. | Ramlee bin Abdullah | 640,200 | 0.06 | - | - |

⁽¹⁾ Deemed interest by virtue of OHB being a wholly-owned subsidiary of Omesti pursuant to Section 8(4) of the Companies Act 2016 (the Act).

⁽²⁾ Deemed interest by virtue of Gading Sari Ventures Sdn Bhd being a wholly-owned subsidiary of Gading Sari Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

⁽³⁾ Deemed interest by virtue of his substantial interest in Gading Sari Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

⁽⁴⁾ Deemed interest by virtue of his substantial interest in H2O Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

OTHER COMPLIANCE INFORMATION

LONG-TERM INCENTIVE PLAN

During the financial year ended (FYE) 31 March 2023 the Company had made a total award of 4,998,700 new ordinary shares (Award Shares) under the Restricted Share Plan (RSP) under the Employees' Share Grant Plan (ESGP) pursuant to the Long-Term Incentive Plan (LTIP). The LTIP is the only scheme that is in existence during FYE 31 March 2023. The Award Shares were vested on 26 May 2022, 28 July 2022, 21 December 2022 and 20 January 2023 respectively.

Further information on the LTIP is set out in the Directors' Report and Note 40 of Volume 2 of this Annual Report.

Brief details on the number of shares granted, vested and outstanding during FYE 31 March 2023 are set out below:

| 1 April 2022 to 31 March 2023 | Total | Directors | Chief Executive Officer | Senior Management | Other Entitled Employees |
|---|-----------|-----------|----------------------------|----------------------|-----------------------------|
| RSP under the ESGP pursuant to the LTIP | - | - | - | - | - |
| Number of Shares outstanding as at 1 April 2022 | - | - | - | - | - |
| Number of Shares granted | 4,998,700 | 135,300 | - | 210,000 | 4,653,400 |
| Number of Shares vested | 4,998,700 | (135,300) | - | (210,000) | (4,653,400) |
| Number of Shares lapsed | - | - | - | - | - |
| Number of Shares outstanding as at 31 March 2023 | - | - | - | - | - |

Since the commencement of the LTIP, the actual percentage of ESOS (which had lapsed) granted to the Directors and Senior Management of the Group was 100% of the total ESOS. No ESOS was granted to the Executive Director, the Senior Management of the Group or the Non-Executive Directors of the Company during FYE 31 March 2023.

RSP awards under ESGP pursuant to the LTIP granted to the Executive Director and Senior Management of the Group during FYE 31 March 2023 and since the commencement of the LTIP was 6.91% and 28.62% respectively.

AUDIT & NON-STATUTORY AUDIT FEES

The amounts of audit and non-audit fees paid or payable by the Company and the Group to the External Auditors for the FYE 31 March 2023 are as follows:

| | Company (RM) | Group (RM) |
|----------------|-----------------|---------------|
| Audit fees | 53,750 | 215,750 |
| Non-audit fees | 4,000 | 4,000 |

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of its Directors, Chief Executive Officer, who is not a director, or Major Shareholders of the Group and of the Company which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting (AGM) of MSB held on 2 September 2022, the Company had obtained the approval of the shareholders for the shareholders' mandate to allow the Company and its subsidiaries (MSB Group) to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties (Recurrent Transactions).

The said mandate is effective from 3 September 2022 until the conclusion of the forthcoming AGM of the Company.

In accordance with Paragraph 3.1.5 of the Practice Note 12 of the Main Market Listing Requirements, details of the Recurrent Transactions conducted during FYE 31 March 2023 pursuant to the said shareholders' mandate are as follows:

| Companies within MSB Group transacting with Related Parties | Nature of Transactions | Related Party | Interested Directors / Major Shareholders | Aggregate Value of Transactions during FYE 31 March 2023 (RM) |
|---|--|---|---|---|
| MSB Group | Supply of network and software solutions, licenses, network infrastructure, computer hardware and software and maintenance services by Omesti Group to MSB Group | Omesti and its subsidiary companies (Omesti Group) ⁽³⁾ | Interested Directors - Monteiro Gerard Clair (MGC) ⁽⁵⁾ Interested Major Shareholders - Omesti Holdings Berhad (OHB) ⁽¹⁾ - Omesti ⁽³⁾ | 3,265,217 |
| | Supply of network infrastructure and related services, computer hardware and software, provision of hardware and software related services, maintenance services and application related services by MSB Group to Omesti Group | | | 27,769,312 |
| MSB Group | Provision of administrative and management support, training and other related services by Omesti Group to MSB Group | Omesti and Omesti Group | | 662,795 |
| | Provision of administrative and management support, training and other related services by MSB Group to Omesti Group | | | 239,520 |

OTHER COMPLIANCE INFORMATION (CONT'D.)

| Companies within MSB Group transacting with Related Parties | Nature of Transactions | Related Party | Interested Directors / Major Shareholders | Aggregate Value of Transactions during FYE 31 March 2023 (RM) |
|---|---|--|---|---|
| MSB Group | Supply of software solutions, computer hardware and services in relation to human capital management by MIHCM Asia to MSB Group | MIHCM Asia Sdn Bhd (MIHCM Asia) ⁽²⁾ | Interested Directors – MGC Interested Major Shareholders – OHB ⁽¹⁾ – Omesti ⁽³⁾ | 109,163 |
| MSB Group | Renting of office spaces and procurement of other related services such as general maintenance services from Ho Hup Group | Ho Hup Group ⁽⁴⁾ | Interested Major Shareholders – OHB ⁽¹⁾ – Omesti ⁽³⁾ | 743,173 |

Notes:

- ⁽¹⁾ OHB is a wholly-owned subsidiary of Omesti.
- ⁽²⁾ MIHCM Asia is a 33.33% associated company of Continuous Network Advisers Sdn Bhd, which in turn is an indirect 33.33% associated company of Omesti. MIHCM Asia is principally engaged in the distribution, marketing, implementation and maintenance of human capital management software solutions and services in Asia.
- ⁽³⁾ Omesti is the holding company of OHB as at 31 March 2023. Omesti is principally engaged in investment holding activities, the provision of management services and the provision of information technology services in terms of hardware, software, consultancy and maintenance to the telecommunication, oil and gas and government sectors
- ⁽⁴⁾ Ho Hup Group is a related party to MSB Group through a common ultimate Major Shareholder, Omesti. As at 31 March 2023, Ho Hup is a 10.89% associated company of OHB. Ho Hup is principally engaged in investment holding, foundation engineering, civil engineering, building contracting works and provision of management services for subsidiary companies, while its subsidiaries are principally involved in property investment, property development, construction and retail.
- ⁽⁵⁾ MGC is a Non-Independent Non-Executive Director and Executive Director of Omesti and MSB respectively. His direct and indirect interests in Omesti and MSB as at 31 March 2023 are as set out below:

| Name of Company | % of Interest | |
|-----------------|---------------|----------|
| | Direct | Indirect |
| Omesti | 7.24 | 12.27 |
| MSB | 3.47 | 0.00 |

NOTICE OF 20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of the Company will be held as a 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, on Monday, 4 September 2023 at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon. | [Please refer to Explanatory Note] |
| 2. | To approve the payment of Directors' fees and benefits to Non-Executive Directors of up to an amount of RM923,560 for the period from 5 September 2023 until the conclusion of the next Annual General Meeting (AGM) of the Company. | Resolution 1 |
| 3. | To re-elect the following Directors retiring by rotation in accordance with Clause 95 of the Company's Constitution and being eligible, have offered themselves for re-election: | |
| | (a) Tan Sri Jaganath Derek Steven Sabapathy | Resolution 2 |
| | (b) Monteiro Gerard Clair | Resolution 3 |
| 4. | To re-elect the following Directors retiring in accordance with Clause 100 of the Company's Constitution and being eligible, have offered themselves for re-election: | |
| | (a) Dato' Ahmad Najmi bin Abdul Razak | Resolution 4 |
| | (b) Noor Zaliza Yati binti Yahya | Resolution 5 |
| 5. | To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 6 |

AS SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following resolutions:

6. ORDINARY RESOLUTION:

CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

"THAT approval be and is hereby given to the following Directors who have served as an Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Directors of the Company:

- | | | |
|-----|-----------------------|--------------|
| (a) | Tai Keat Chai | Resolution 7 |
| (b) | Martin Chu Leong Meng | Resolution 8 |

7. ORDINARY RESOLUTION:

AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 AND WAIVER OF THE PRE-EMPTIVE RIGHTS OVER NEW ORDINARY SHARES IN THE COMPANY UNDER SECTION 85 OF THE COMPANIES ACT 2016

Resolution 9

"THAT subject always to the Companies Act 2016 and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 13 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act."

8. ORDINARY RESOLUTION:

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

Resolution 10

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in Section 2.3 of the Circular to Shareholders dated 28 July 2023, subject to the following:

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

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

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

9. **ORDINARY RESOLUTION:**

PROPOSED ALLOCATION OF OPTIONS TO THE ELIGIBLE NON-EXECUTIVE DIRECTORS OF THE COMPANY UNDER THE EMPLOYEES' SHARE OPTION SCHEME (ESOS) PURSUANT TO THE LONG-TERM INCENTIVE PLAN (LTIP) OF THE COMPANY (ESOS OPTIONS)

"THAT pursuant to the LTIP as approved by the shareholders of the Company at the Extraordinary General Meeting held on 17 October 2014, authority be and is hereby given to the Board (save for the director to whom the ESOS Options are to be granted), at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws governing the LTIP, to offer and grant to the following Non-Executive Directors of the Company, the ESOS Options of new ordinary shares in the Company (Microlink Shares) which gives him/her the right to subscribe for Microlink Shares at a prescribed subscription price upon the vesting of the ESOS Options under the ESOS pursuant to the LTIP and/or the allotment of new Microlink Shares upon vesting of the Employee Share Grant Plan award pursuant to the LTIP."

| Name | | Designation | No. of Microlink Shares | |
|------|-----------------------------------|--|-------------------------|---------------|
| (i) | Dato' Ahmad Najmi bin Abdul Razak | Non-Independent Non-Executive Director | 2,400,000 | Resolution 11 |
| (ii) | Noor Zaliza Yati binti Yahya | Independent Non-Executive Director | 2,400,000 | Resolution 12 |

10. **ORDINARY RESOLUTION:**

PROPOSED ALLOCATION OF OPTIONS TO THE ELIGIBLE EXECUTIVE DIRECTOR OF THE COMPANY UNDER THE LTIP OF THE COMPANY (LTIP AWARDS)

Resolution 13

"THAT pursuant to the LTIP as approved by the shareholders of the Company at the Extraordinary General Meeting held on 17 October 2014, authority be and is hereby given to the Board (save for the director to whom the LTIP Awards are to be granted), at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws governing the LTIP, to offer and grant Dato' Sri Chee Hong Leong, being the Executive Director of the Company, the LTIP Awards of up to 4,000,000 new ordinary shares in the Company (Microlink Shares) each which gives him the right to subscribe for Microlink Shares at a prescribed subscription price upon the vesting of the options under the Employees' Share Option Scheme award pursuant to the LTIP and/or the allotment of new Microlink Shares upon vesting of the Employee Share Grant Plan award pursuant to the LTIP."

11. **ORDINARY RESOLUTION:**

PROPOSED ALLOCATION OF OPTIONS TO THE ELIGIBLE CHIEF EXECUTIVE OFFICER OF THE COMPANY UNDER THE LTIP OF THE COMPANY (LTIP AWARD)

Resolution 14

"THAT pursuant to the LTIP as approved by the shareholders of the Company at the Extraordinary General Meeting held on 17 October 2014, authority be and is hereby given to the Board (save for the director to whom the LTIP Awards are to be granted), at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the By-Laws governing the LTIP, to offer and grant Ramlee bin Abdullah, being the Chief Executive Officer of the Company, the LTIP Awards of up to 16,000,000 new ordinary shares in the Company (Microlink Shares) each which gives him the right to subscribe for Microlink Shares at a prescribed subscription price upon the vesting of the options under the Employees' Share Option Scheme award pursuant to the LTIP and/or the allotment of new Microlink Shares upon vesting of the Employee Share Grant Plan award pursuant to the LTIP."

NOTICE OF 20TH ANNUAL GENERAL MEETING (CONT'D.)

By Order of the Board

LIM SHOOK NYEE

MAICSA No. 7007640

SSM PC No. 201908003593

Company Secretary

Kuala Lumpur

28 July 2023

EXPLANATORY NOTES:

- Agenda 1 Audited Financial Statements for the financial year ended 31 March 2023**
The audited financial statements are for discussion only under Agenda 1, as they do not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, they will not be put for voting.
- Resolution 1 Directors' Fees & Benefits**
Section 230 of the Companies Act 2016 provides amongst others, that the fee of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.
The proposed Resolution 1, if passed, will authorise the payment of Directors' fees and benefits (being meeting attendance allowance) payable to the Non-Executive Directors for the period from 5 September 2023 until the conclusion of the next AGM of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.
The total estimated amount of benefits payable is calculated based on the assumption of the projected number of Board and Board Committee meetings and the appointment of additional Non-Executive Directors.
- Resolutions 2, 3, 4 & 5 Re-election of Directors**
Clause 95 of the Company's Constitution provides that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. Each Director shall retire from office once at least in each three years but shall be eligible for re-election. Tan Sri Jaganath Derek Steven Sabapathy and Monteiro Gerard Clair who are retiring by rotation in accordance with Clause 95 of the Company's Constitution and being eligible, have offered themselves for re-election at the 20th AGM.
Clause 100 of the Company's Constitution provides that any Directors appointed within the period under review shall hold office only until the next AGM and shall be eligible for re-election. Dato' Ahmad Najmi bin Abdul Razak and Noor Zaliza Yati binti Yahya who both were appointed on 20 December 2022, are standing for re-election as Director and being eligible, have offered themselves for re-election at the 20th AGM.
The Nominating, Remuneration and Long-Term Incentive Plan Committee (NRLTIPC) has conducted an assessment of these Directors as well as the independence of the Independent Director, as applicable, and is satisfied that they comply and meet the independence criteria as required by the Main Market LR of Bursa Securities. Their profiles are presented on Pages 21 to 26 of Volume 1 of the Annual Report 2023. These four (4) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and NRLTIPC Meetings on their own eligibility to stand for re-election at this 20th AGM. The Board has endorsed the NRLTIPC's recommendation subject to the shareholders' approval at the 20th AGM.
- Resolution 6 Re-appointment of BDO PLT as Auditors of the Company for the ensuing year**
Based on the results of the External Auditors Evaluation for the financial year ended 31 March 2023, the Audit & Risk Management Committee and Board are satisfied with the quality of service, adequacy of resources provided, communication, independence, objectivity and professionalism demonstrated by the External Auditors, BDO PLT, in carrying out their duties. Being satisfied with BDO PLT's performance, the Board recommends their re-appointment for shareholders' approval at the 20th AGM of the Company and who have expressed their willingness to continue in office, to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.
- Resolution 7 & 8 Continuation in office as Independent Non-Executive Directors**
The proposed resolutions, if passed, will allow Tai Keat Chai ("Mr Tai") and Martin Chu Leong Meng ("Mr Martin") to be retained and to continue in office as Independent Non- Executive Directors of the Company, via a two-tier voting process as recommended under the Malaysian Code on Corporate Governance 2021.
Mr Tai and Mr Martin who were appointed as an Independent Non-Executive Director of the Company on 28 August 2013 and 6 January 2014 respectively, have exceeded a cumulative term of more than nine (9) years.
The NRLTIPC and Board of Directors of the Company, have assessed the independence of Mr Tai and Mr Martin and recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:
(a) They fulfill the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and had expressed their willingness to continue in office as an Independent Non-Executive Directors of the Company;

- (b) Their vast experience would enable them to provide the Board with a diverse range of knowledge, expertise and independent judgment to better manage and run the Group.
- (c) Notwithstanding that they have served the Company as an Independent Non-Executive Directors for a cumulative term of more than nine (9) years, during which they had at all times acted in good faith and in the best interests of the Company, exercising their independent judgment during deliberations and decision-making during the Company's Board Meetings and Board Committee Meetings and were familiar with the Company's business operations.
- (d) Mr Tai and Mr Martin had proven to be a reliable Independent Non-Executive Directors with their professional attitude and outlook of business perspective, had devoted sufficient time and attention to their professional obligations for informed and balanced decision-making and had also exercised due care during their tenure in the best interests of the Company and the shareholders.

Resolution 9 Authority to Allot Shares and Waiver of Pre-Emptive Rights

Further information in relation to the general mandate for issue of securities and waiver of pre-emptive rights is set out in the Statement Accompanying Notice of 20th AGM.

Resolution 10 Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 28 July 2023 which is dispatched together with the Company's Annual Report 2023.

Resolutions 11 & 12 Proposed Allocation of Options to the Eligible Non-Executive Directors of the Company under the Employees' Share Option Scheme pursuant to the Long-Term Incentive Plan (LTIP) of the Company (ESOS Options)

The proposed Resolutions 11 & 12, if passed, will allow the Board of Directors to offer and grant the ESOS Options pursuant to the LTIP to Dato' Ahmad Najmi bin Abdul Razak and Noor Zaliza Yati binti Yahya.

Resolution 13 Proposed Allocation of Options to the Eligible Executive Director of the Company under the LTIP of the Company (LTIP Awards)

The proposed Resolution 13, if passed, will allow the Board of Directors to offer and grant the LTIP Awards pursuant to the LTIP to Dato' Sri Chee Hong Leong.

Resolution 14 Proposed Allocation of Options to the Eligible Chief Executive Officer of the Company under the LTIP of the Company (LTIP Awards)

The proposed Resolution 14, if passed, will allow the Board of Directors to offer and grant the LTIP Awards pursuant to the LTIP to Ramlee bin Abdullah.

NOTES:

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 20th AGM in person at the broadcast venue on the day of the 20th AGM. Therefore, shareholders are strongly advised to participate and vote remotely at the 20th AGM 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 20th AGM in order to participate remotely.

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) Only members whose names appear in the Record of Depositors on 25 August 2023 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the 20th AGM or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.
- (vi) 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 the Registered Office Address 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 48 hours before the time fixed for holding the Meeting or adjourned Meeting at which the person named in the instrument proposed to vote, or, in the case of a poll, 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. The Form of Proxy may be submitted electronically via the Portal at <https://agm.omesti.com> (please refer to Step 3 of the Administrative Guide for more details) or by email to osem@quadrantbiz.co or by fax to +603 9779 1701/02 or by post to the above Registered Office address no later than **Sunday, 3 September 2023** at 10.30 a.m.
- (vii) The resolutions set out in the Notice of the 20th AGM will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities.

STATEMENT ACCOMPANYING NOTICE OF 20TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

A

DETAILS OF THE INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)

No individual is standing for election as a Director (excluding Directors standing for re-election) at the 20th Annual General Meeting (AGM) of the Company.

B

STATEMENT RELATING TO GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS

The resolution in relation to the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016, is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last AGM of the Company held on 2 September 2022.

As at the date of the Notice of the 20th AGM, no new shares were issued pursuant to the mandate granted to the Directors at the 19th AGM held on 2 September 2022 and which will lapse at the conclusion of the 20th AGM.

The resolution, if passed, would provide flexibility to the Directors to undertake fund-raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors consider it to be in the best interests of the Company. Any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated.

The waiver of the statutory pre-emptive rights of the shareholders of the Company pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

DEAR SIRS/MADAMS,

This privacy notice for personal data ("**Privacy Notice**") is issued to all shareholders of Microlink Solutions Berhad ("**Company**", "**we**", "**us**" or "**our**"), pursuant to the statutory requirements of the Personal Data Protection Act 2010 ("**PDPA**").

During the course of your dealings with us, we will collect and process your personal data (including any personal data previously collected from you) for purposes, including, to communicate with you, provide administrative assistance to you in the course of you being our shareholder, respond to your enquiries or input, invite you to meetings and events, provide you with notices, documents, information and/or updates relating to us and any matters relating to your involvement in the Board of Directors, for publication and dissemination of your personal data in any circulars, reports, minutes, websites, newsletters, bulletins, brochures, pamphlets or any other materials which may be published and circulated internally or to the general public, to comply with our legal and regulatory obligations (including monitor and where necessary make disclosure of matters relating to your involvement in any shares, debentures, participatory interests, rights, options, transactions and contracts) and other purposes required to operate and maintain our business as set out in our Privacy Policy (collectively referred to as "**Purposes**")

We will not disclose any of your personal data to any third party without your consent except to the Company's group of companies (including the Company's subsidiaries, related and/or associated companies), our professional advisers, vendors, suppliers, agents, contractors, service providers, business partners, insurance companies, banks and financial institutions, any governmental agencies, regulatory authorities and/or statutory bodies, within or outside Malaysia, where necessary, for the Purposes mentioned above, to any party who undertakes to keep your personal data confidential, to any person as set out in our Privacy Policy, or to whom we are compelled or required under the law to disclose to. A copy of our Privacy Policy is available on our website at <http://www.microlink.com.my/privacy-policy/>.

It is necessary for us to collect and process your personal data. If you do not provide us with your personal data, or do not consent to this Privacy Notice, we will not be able to effectively provide services to you in connection with or incidental to your role as our shareholder or process your personal data for any of the Purposes, if at all.

We are committed to ensuring that your personal data is stored securely. You have the right to request for access to, request for a copy of and request to update or correct, your personal data held by us. You also have the right at any time to request us to limit the processing and use of your personal data, subject to our right to rely on any statutory exemptions and/or exceptions to collect, use and disclose your personal data.

Your written requests or queries should be addressed to:

Personal Data Protection Officer

Address: Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1 Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur

Tel : +603 9779 1700

Fax : +603 9779 1701

Email : pdpa@microlink.com.my

By providing your personal data to us, you consent to us processing your personal data in accordance with this Privacy Notice, and you confirm that all personal data provided by you is accurate and complete, and that none of it is misleading or out of date. You will promptly update us in the event of any change to your personal data.

To the extent that you have provided (or will provide) personal data about your family members, spouse, other dependents (if you are an individual), directors, shareholders, employees, representatives, agents (if you are a corporate entity/an organisation) and/or other individuals, you confirm that you have explained (or will explain) to them that their personal data will be provided to, and processed by, us and you represent and warrant that you have obtained their consent to the processing (including disclosure and transfer) of their personal data in accordance with this Privacy Notice.

In respect of minors (i.e. individuals under 18 years of age) or individuals not legally competent to give consent, you confirm that you are the parent or guardian or person who has parental responsibility over them or the person appointed by court to manage their affairs or that they have appointed you to act for them, to consent on their behalf to the processing (including disclosure and transfer) of their personal data in accordance with this Privacy Notice.

We reserve the right to update and amend this Privacy Notice or our Privacy Policy from time to time. We will notify you of any amendments to this Privacy Notice or our Privacy Policy via announcements on our website or other appropriate means. If we amend this Privacy Notice or our Privacy Policy, the amendment will only apply to personal data collected after we have posted the revised Privacy Notice or Privacy Policy. In accordance with Section 7(3) of the PDPA, this Privacy Notice is issued in both English and Bahasa Malaysia. In the event of any inconsistencies or discrepancies between the English version and the Bahasa Malaysia version, the English version shall prevail.

NOTIS PRIVASI

KEPADA TUAN-TUAN DAN PUAN-PUAN,

Notis privasi untuk data peribadi ini ("**Notis Privasi**") diberikan kepada semua pemegang saham Microlink Solutions Berhad ("**Syarikat**", "**kita**" atau "**kami**"), selaras dengan obligasi statutori di bawah Akta Perlindungan Data Peribadi 2010 ("**PDPA**").

Sepanjang masa urusan anda dengan kami, kami akan mengumpul dan memproses data peribadi anda (termasuk data peribadi yang telah dikumpulkan sebelum ini) untuk tujuan berkomunikasi dengan anda, memberi bantuan pentadbiran kepada anda, memberi maklum balas terhadap pertanyaan atau input anda, menjemput anda ke mesyuarat dan acara kami, memberi anda notis, dokumen, maklumat dan/atau isu-isu terkini berkaitan dengan kami dan perkara-perkara berhubungan dengan penglibatan anda di Lembaga Pengarah, untuk penerbitan dan pendedahan data peribadi anda di pekililing, laporan, minit, laman web, surat berita, buletin, brosur, risalah atau media lain yang mungkin diterbitkan dan diedarkan di dalam organisasi kami atau kepada orang awam, untuk memenuhi kewajiban kami dalam mematuhi undang-undang dan peraturan-peraturan (termasuk memantau dan membuat pendedahan tentang perkara-perkara yang berkaitan dengan penglibatan anda dalam apa-apa saham, debentur, kepentingan penyertaan, hak, opsyen, urus niaga dan kontrak), serta tujuan-tujuan lain yang kami perlukan untuk mengendalikan dan mengekalkan perniagaan kami sepertimana yang tertera dalam Polisi Privasi kami (secara kolektifnya dirujuk sebagai "**Tujuan-Tujuan**").

Kami tidak akan mendedahkan apa-apa data peribadi anda kepada mana-mana pihak ketiga tanpa kebenaran anda kecuali kepada syarikat-syarikat di dalam kumpulan Syarikat (termasuk subsidiari, syarikat berkaitan dan/atau syarikat bersekutu kami), penasihat profesional, ejen, vendor, pembekal, kontraktor, pembekal perkhidmatan, rakan kongsi perniagaan, syarikat insurans, bank dan institusi kewangan, agensi kerajaan, pihak berkuasa dan/atau badan berkanun, di dalam atau di luar Malaysia, jikalau perlu, bagi Tujuan-Tujuan yang disebut di atas, kepada mana-mana pihak yang berjanji untuk menyimpan data peribadi anda secara sulit, kepada mana-mana pihak sepertimana yang tertera dalam Polisi Privasi kami, atau sekiranya diperlukan di bawah undang-undang. Sesalinan Polisi Privasi kami boleh didapati di laman web kami di <http://www.microlink.com.my/privacy-policy/>

Kami perlu mengumpul dan menyimpan data peribadi anda. Sekiranya anda tidak memberikan data peribadi anda kepada kami, atau tidak bersetuju dengan Notis Privasi ini, kami mungkin tidak dapat memberikan perkhidmatan secara efektif kepada anda berkaitan atau bersampingan dengan peranan anda sebagai pemegang saham kami atau memproses data peribadi anda bagi Tujuan-Tujuan yang disebut di atas.

Kami akan memastikan data peribadi anda disimpan dengan selamat. Anda mempunyai hak untuk meminta akses kepada, mendapat salinan, mengemaskini atau memperbetulkan data peribadi anda yang disimpan oleh kami. Anda juga mempunyai hak untuk meminta kami menghadkan pemrosesan dan penggunaan data peribadi anda pada bila-bila masa. Walaubagaimana pun, kami mempunyai hak untuk bergantung kepada mana-mana pengecualian dalam mengumpul, mengguna dan mendedah data peribadi anda.

Permintaan atau pertanyaan bertulis anda perlu disampaikan ke alamat di bawah:

Pegawai Perlindungan Data Peribadi

Alamat: Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1 Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur

No. Telefon : +603 9779 1700

No. Faks : +603 9779 1701

Emel : pdpa@microlink.com.my

Dengan memberikan data peribadi anda kepada kami, anda bersetuju untuk kami memproses data peribadi anda sepertimana yang tertera dalam Notis Privasi ini, dan anda mengesahkan bahawa semua data peribadi yang diberikan oleh anda adalah betul dan lengkap, dan tiada data peribadi yang mengelirukan atau yang belum dikemaskinikan. Anda mesti, dengan segera, mengemaskini data peribadi anda sekiranya terdapat apa-apa perubahan kepada data peribadi yang anda beri kepada kami.

Setakat mana yang anda telah memberikan (atau akan memberikan) data peribadi tentang ahli keluarga, pasangan, tanggungan anda (jikalau anda ialah seorang individu), pengarah, pemegang saham, wakil, ejen (jikalau anda ialah sebuah entiti korporat/organisasi) dan/atau individu lain, anda mengesahkan bahawa anda telah menjelaskan (atau akan menjelaskan) kepada mereka bahawa data peribadi mereka akan didedahkan kepada, dan akan diproses oleh, kami dan anda menyata dan menjamin bahawa anda telah diberi kuasa untuk mendedahkan data peribadi mereka kepada kami dan anda telah memperolehi persetujuan daripada mereka berkenaan dengan pemrosesan (termasuk pendedahan dan pemindahan) data peribadi mereka sepertimana yang tertera dalam Notis Privasi ini.

Berkenaan dengan individu yang belum mencapai usia dewasa (iaitu individu di bawah umur 18 tahun) atau individu yang tidak mempunyai kompeten untuk memberi persetujuan, anda mengesahkan bahawa anda ialah ibu bapa atau penjaga atau orang yang mempunyai kewajiban terhadap mereka atau orang yang dilantik oleh mahkamah untuk menguruskan urusan mereka atau mereka telah melantik anda untuk mewakili mereka, untuk memberi persetujuan bagi pihak mereka berkenaan dengan pemrosesan (termasuk pendedahan dan pemindahan) data peribadi mereka sepertimana yang tertera dalam Notis Privasi ini.

Kami berhak untuk mengemaskini dan meminda Notis Privasi ini atau Polisi Privasi kami dari semasa ke semasa. Sebarang perubahan atau pemindahan kepada Notis Privasi ini atau Polisi Privasi kami akan dimaklumkan melalui pengumuman di laman web kami atau melalui cara yang bersesuaian. Jika kami meminda Notis Privasi ini atau Polisi Privasi kami, pindaan itu hanya akan berkuat-kuasa untuk data peribadi yang dikumpul selepas kami memaparkan Notis Privasi atau Polisi Privasi kami yang terpinda.

Mengikut Seksyen 7(3) PDPA, Notis Privasi ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan digunakan.

FORM OF PROXY

MICROLINK SOLUTIONS BERHAD

[Registration No. 200301018362 (620782-P)]

(Incorporated in Malaysia)

MICROLINK

CDS Account No.

No. of Shares Held

I/We _____ Tel: _____
[Full name in block, as per NRIC/Passport/Company No.]

of _____ Email: _____

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 20th Annual General Meeting of our Company held on Monday, 4 September 2023 at 10.30 a.m. as a 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 at any adjournment thereof in the manner as indicated below:

| No. | Resolutions | FOR | AGAINST |
|-----|--|-----|---------|
| 1 | To approve the payment of Directors' fees and benefits to Non-Executive Directors of up to an amount of RM923,560 for the period from 5 September 2023 until the conclusion of the next Annual General Meeting (AGM) of the Company. | | |
| 2 | To re-elect Tan Sri Jaganath Derek Steven Sabapathy who retires by rotation in accordance with Clause 95 of the Company's Constitution. | | |
| 3 | To re-elect Monteiro Gerard Clair who retires by rotation in accordance with Clause 95 of the Company's Constitution. | | |
| 4 | To re-elect Dato' Ahmad Najmi bin Abdul Razak who retires in accordance with Clause 100 of the Company's Constitution. | | |
| 5 | To re-elect Noor Zaliza Yati binti Yahya who retires in accordance with Clause 100 of the Company's Constitution. | | |
| 6 | To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | | |
| 7 | Continuation of Tai Keat Chai as Independent Non-Executive Director. | | |
| 8 | Continuation of Martin Chu Leong Meng as Independent Non-Executive Director. | | |
| 9 | Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016. | | |
| 10 | Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. | | |
| 11 | Proposed allocation of ESOS Options to Dato' Ahmad Najmi bin Abdul Razak. | | |
| 12 | Proposed allocation of ESOS Options to Noor Zaliza Yati binti Yahya. | | |
| 13 | Proposed allocation of LTIP Awards to Dato' Sri Chee Hong Leong. | | |
| 14 | Proposed allocation of LTIP Awards to Ramlee bin Abdullah. | | |

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 _____, 2023

Signature*
Member

NOTES:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) Only members whose names appear in the Record of Depositors on 25 August 2023 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the 20th AGM or appoint proxy/proxies to attend and/or vote on his/her behalf via RPEV facilities.

Fold this flap for sealing



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

Fold this flap for sealing

- (vi) 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 48 hours before the time fixed for holding the Meeting or adjourned Meeting at which the person named in the instrument proposed to vote, or, in the case of a poll, 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. The Form of Proxy may be submitted electronically via the Portal at <https://agm.omesti.com> (please refer to Step 3 of the Administrative Guide for more details) or by email to osem@quadrantbiz.co or by fax to +603 9779 1701/02 or by post to the above Registered Office address no later than **Sunday, 3 September 2023** at 10.30 a.m.
- (vii) The resolutions set out in the Notice of 20th AGM will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities.

APPLIED BUSINESS SYSTEMS SDN BHD

[Reg. No. 198901010967 (188269-D)]

CA IT INFRASTRUCTURE SOLUTIONS SDN BHD

[Reg. No. 201101043921 (972041-X)]

CSA SERVIS (M) SDN BHD

[Reg. No. 199201001228 (232732-T)]

DHANALYNK SDN BHD

[Reg. No. 202101015160 (1415460-M)]

FIRST SOLUTION SDN BHD

[Reg. No. 199601025665 (398017-P)]

FORMIS COMPUTER SERVICES SDN BHD

[Reg. No. 198301016935 (112344-P)]

FORMIS SYSTEMS & TECHNOLOGY SDN BHD

[Reg. No. 199401026577 (312258-W)]

MICROLINK INNOVATION SDN BHD

[Reg. No. 200801038491 (839837-A)]

MICROLINK KINEXURE SDN BHD

[Reg. No. 202201047186 (1492883-X)]

MICROLINK SOFTWARE SDN BHD

[Reg. No. 200801023058 (824378-V)]

MICROLINK SYSTEMS SDN BHD

[Reg. No. 199401023450 (309131-H)]

ML TRIDIMAS SDN BHD

[Reg. No. 202001042912 (1399233-X)]

OMESTI INNOVATION LAB (MALAYSIA) SDN BHD

[Reg. No. 199901011709 (486609-V)]

Ho Hup Tower - Aurora Place

2-08-01 - Level 8

Plaza Bukit Jalil

No 1, Persiaran Jalil 1

Bandar Bukit Jalil

57000 Kuala Lumpur

T +603 9779 1700

F +603 9779 1702

FORMIS ADVANCED SYSTEMS SDN BHD

[Reg. No. 199501019393 (348596-K)]

No. 20-2, Jalan Molek 1/31

Taman Molek

81100 Johor Bharu

Johor

T +607 3517 786

CONTACT DETAILS OF SUBSIDIARIES

MICROLINK SOLUTIONS BERHAD

[Reg. No. 200301018362 (620782-P)]

Ho Hup Tower - Aurora Place

2-08-01 - Level 8

Plaza Bukit Jalil

No 1, Persiaran Jalil 1

Bandar Bukit Jalil

57000 Kuala Lumpur

T +603 9779 1700

F +603 9779 1702

Branch Office:

No 12, Pusat Pedada, Jalan Pedada

96000 Sibul, Sarawak, Malaysia

T +6084 344 801/333 921/333 929

F +6084 333 950

PT MICROLINK INDONESIA

The City Tower, Level 12 Unit 1-N

JL. M H Thamrin No. 81

Jakarta Pusat 10310, Indonesia

T +6221 3049 9589

F +6221 3049 9590

MICROLINK SOLUTIONS W.L.L

Regus Almoayyed Tower, 20 & 21 Floor

Building 2504, Road 2832, Block 428

Al Seef District

Kingdom of Bahrain

T +973 17 567976

MICROLINK SOLUTIONS PTE LTD

[Reg. No. 201329307W]

38 Jalan Pemimpin

#07-09 M38

Singapore 577178







MICRO LINK

MICROLINK SOLUTIONS BERHAD
[Registration No. 200301018362 (620782-P)]

Ho Hup Tower – Aurora Place, 2-08-01 – Level 8,
Plaza Bukit Jalil,
No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000
Kuala Lumpur.



+603 9779 1700



+603 9779 1702



www.microlink.com.my



INSPIRING GROWTH

ANNUAL REPORT **2023**

FINANCIAL STATEMENTS

WHAT'S INSIDE

\ 1

Directors' Report

\ 7

Statement by Directors

\ 7

Statutory Declaration

\ 8

Independent Auditors'
Report

\ 13

Statements of Financial
Position

\ 15

Statements of Profit or Loss
and other Comprehensive
Income

\ 16

Consolidated Statement of
Changes in Equity

\ 17

Statement of Changes in
Equity

\ 18

Statements of Cash Flows

\ 21

Notes to the Financial
Statements





DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of research and development on information technology solutions to the financial services industry.

The subsidiaries are mainly engaged in the provision of information technology solutions, research and development for information technology solutions, deployment services, consultancy services in information technology services, system integration services, distribution and maintenance of computer hardware and software. Other information relating to the respective subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

| | Group | Company |
|-------------------------------|------------|---------|
| | RM | RM |
| Profit for the financial year | 26,033,422 | 285,272 |
| Attributable to: | | |
| Owners of the parent | 25,858,677 | 285,272 |
| Non-controlling interests | 174,745 | - |
| | 26,033,422 | 285,272 |

DIVIDENDS

The Directors declared a single-tier interim dividend of 0.5 sen per ordinary share, amounting to approximately RM5.34 million in respect of the current financial year paid on 30 September 2022. The Directors do not recommend any payment of final dividend in respect of the current financial year.

RESERVES & PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES & DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company were increased from 1,067,397,460 to 1,072,396,160 ordinary shares by way of issuance of 4,998,700 new ordinary shares under Employee Share Grant Plan at exercise prices ranging from RM0.54 to RM1.0182 per ordinary share at no consideration.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issuance of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting held on 17 October 2014, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan ("LTIP" or "Scheme"), which comprises an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Plan ("ESGP") and is administered by the LTIP Committee which is appointed by the Board of Directors, in accordance with the By-Laws of the LTIP. The LTIP should be in force for a period of 5 years from 27 October 2014, unless extended further.

On 11 October 2019, in pursuant to the By-Laws 26.3 of the Company's LTIP By-Laws and upon the recommendation by the LTIP Committee, the Board of Directors resolved to extend its existing LTIP for a period of five (5) years commencing from 27 October 2019 on the same terms and conditions as stipulated in the said By-Laws.

The main features of the LTIP are as follows:

- (a) Eligible Directors and employees are those who are confirmed employees of the Company and/or its eligible subsidiaries and has attained the age of 18 years before the date of offer;
- (b) The maximum number of options to be issued under the LTIP should not exceed in aggregate 20% of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the LTIP. In addition, any individual Director or employee's maximum entitlement should not exceed 10% of the ordinary shares of the Company;
- (c) Options granted may be exercised at any time within the option period of 18 months or 3 years from the date of offer;
- (d) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date: while in the case of the ESOS, the option price of a new ordinary share should be the 5-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer or at RM0.10, whichever is higher; and
- (e) Options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The options over the ordinary shares of the Company under ESOS was lapsed in financial year ended 31 March 2020.

During the financial year, the Company has awarded 4,998,700 new ordinary shares under the ESGP to eligible employees of the Company.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Microlink Solutions Berhad

Tun Arifin bin Zakaria
Tan Sri Jaganath Derek Steven Sabapathy
Monteiro Gerard Clair
Tai Keat Chai
Martin Chu Leong Meng
Dato' Sri Chee Hong Leong
Wan Mai Gan
Dato' Ahmad Najmi bin Abdul Razak
Noor Zaliza Yati binti Yahya
Mah Xian-Zhen
Dato' Seri Mohd Khairi bin Dato' Mat Jahya
Tan Sri Datuk Seri (Dr) Mazlan bin Lazim

(Appointed on 18 July 2022)
(Appointed on 20 December 2022)
(Appointed on 20 December 2022)
(Resigned on 18 July 2022)
(Resigned on 20 December 2022)
(Resigned on 6 June 2023)

DIRECTORS (CONT'D.)

Subsidiaries of Microlink Solutions Berhad

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:

Ch'ng Kai Fen
 Gan Khong Kiat
 Koay Soon Hoe
 Ajis
 See Kar Fai
 Nazri bin Ismail
 Ku Azhar bin Ku Abdul Razak
 Ryan John Fernandez
 Ramlee bin Abdullah
 Ahmad Faiz bin Besah @ Sitam
 Trazender Anak Gunting
 Dato' Seri Mohd Khairi bin Dato' Mat Jahya
 Chia Yong Wei

(Resigned on 5 September 2022)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

| Shares in the Company | Number of Ordinary Shares | | | Balance as at 31.3.2023 |
|---|---------------------------|-----------|-------------|-------------------------|
| | Balance as at 1.4.2022 | Addition | Sold | |
| <u>Direct interests</u> | | | | |
| Monteiro Gerard Clair | 28,424,996 | 8,780,300 | - | 37,205,296 |
| Tan Sri Jaganath Derek Steven Sabapathy | 19,222,000 | 1,000,000 | (1,077,400) | 19,144,600 |
| Tun Arifin bin Zakaria | - | 1,600,000 | - | 1,600,000 |
| <u>Indirect interest</u> | | | | |
| Monteiro Gerard Clair [#] | 31,464 | - | - | 31,464 |

| Employee Share Grant Plan ("ESGP") in the Company | Number of Shares under ESGP | | | | Balance as at 31.3.2023 |
|---|-----------------------------|---------|-----------|--------|-------------------------|
| | Balance as at 1.4.2022 | Granted | Vested | Lapsed | |
| <u>Direct interests</u> | | | | | |
| Monteiro Gerard Clair | - | 135,300 | (135,300) | - | - |

[#] Deemed interest by virtue of his substantial interest in H2O Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 41 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The Directors' remuneration paid to or receivable by the Directors of the Company from the Company and its subsidiaries are as follows:

| | Group | Company |
|---|------------|------------|
| | 2023 RM | 2023 RM |
| Fees | 752,686 | 73,613 |
| Salaries and other short term employee benefits | 1,176,395 | 650,360 |
| | 1,929,081 | 723,973 |

Estimated monetary value of benefits-in-kind provided to the Directors of Company from the Company and its subsidiaries is RM125,663.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity was given by the Company to any Director or officer of the Company during the financial period. There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D.)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

HOLDING COMPANIES

In previous financial year, the Directors regard Omesti Berhad ("Omesti"), a company listed on the Main Market of Bursa Malaysia Securities Berhad as the ultimate holding company and Omesti Holdings Berhad as the immediate holding company, both of which are incorporated in Malaysia.

In June 2022, Omesti decreased its shareholding in Company to 49.2% and with the changes to the board compositions of both Omesti and the Company and the re-designation of a director in Omesti announced on 18 July 2022, Omesti ceased treating the Company as a subsidiary, as Omesti no longer controls the Company.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 30 May 2023, the Company had acquired 100% of the chartered and contributed capital of Microlink Solutions Vietnam Company Limited (formerly known as Omesti Vietnam Company Limited), a company incorporated in Vietnam that is engaged in consulting services, software implementation services, data processing services, database services and maintenance services.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2023 amounted to RM53,750 and RM162,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Monteiro Gerard Clair
Director

Dato' Sri Chee Hong Leong
Director

Kuala Lumpur
10 July 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 13 to 86 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Monteiro Gerard Clair
Director

Dato' Sri Chee Hong Leong
Director

Kuala Lumpur
10 July 2023

STATUTORY DECLARATION

I, Thoo W'y-Kit (CA 31394), being the officer primarily responsible for the financial management of Microlink Solutions Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 13 to 86 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

| | | |
|-------------------------------|---|---------------------|
| Subscribed and solemnly |) | |
| declared by the abovenamed at |) | |
| Kuala Lumpur this |) | |
| 10 July 2023 |) | Thoo W'y-Kit |

Before me:

INDEPENDENT AUDITORS' REPORT

To the members of Microlink Solutions Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Microlink Solutions Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 86.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment assessment of goodwill

The carrying amount of goodwill as at 31 March 2023 amounted to RM22,663,983 as disclosed in Note 6 to the financial statements.

We determined this to be a key audit matter as the assessment of impairment based on the value-in-use method is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow forecasts of the cash generating units ("CGUs") in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU.

Audit response

Our audit procedures included the following:

- (i) compared prior period projections to actual outcomes to assess reliability of management's forecasting process and controls;
- (ii) assessed and evaluated the assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) assessed appropriateness of pre-tax discount rates used by management by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (iv) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (Cont'd.)

(b) Impairment assessment of software development expenditure

As at 31 March 2023, the carrying amount of software development expenditure of the Group with impairment indicators was RM6,217,619 as disclosed in Note 7(d) to the financial statements.

We determined this to be a key audit matter as the assessment of impairment based on the value-in-use method is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow forecasts of the cash generating units ("CGUs") in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU.

Audit response

Our audit procedures included the following:

- (i) compared prior period projections to actual outcomes to assess reliability of management's forecasting process and controls;
- (ii) assessed and evaluated the assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) assessed appropriateness of pre-tax discount rates used by management by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (iv) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

(c) Impairment assessment of the carrying amount of investments in subsidiaries

As at 31 March 2023, the net carrying amount of investments in subsidiaries with impairment indicators amounted to RM7,401,113 as disclosed in Note 8(f) to the financial statements.

We determined this to be a key audit matter as the assessment of impairment based on the value-in-use method is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the affected subsidiaries in determining the recoverable amounts which were based on the value-in-use model. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each subsidiary.

Audit response

Our audit procedures included the following:

- (i) compared prior period projections to actual outcomes to assess reliability of management's forecasting process;
- (ii) assessed and evaluated the key assumptions used in forecasting revenues, operating profit margins and growth rates;
- (iii) assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and
- (iv) assessed and evaluated sensitivity analysis performed by management on the cash flow projections to evaluate the impact on the impairment assessment.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

To the members of Microlink Solutions Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (Cont'd.)

(d) *Impairment assessment of the amounts owing by subsidiaries*

As at 31 March 2023, the gross amounts owing by subsidiaries of the Company were RM111,998,413 and the impairment losses were RM68,905,332 as disclosed in Note 19 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk.

Audit response

Our audit procedures included the following:

- (i) recomputed probability of default using historical data and forward-looking adjustment applied by the Company;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- (iii) challenged management on the basis for determining cash flows recoverable, where applicable; and
- (iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

To the members of Microlink Solutions Berhad (Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
10 July 2023

Koo Swee Lin

03281/08/2024 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

| | | Group | | Company | |
|--|----|-------------|-------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Note | | | | | |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 4,596,042 | 4,480,015 | 2,095,263 | 2,192,839 |
| Goodwill | 6 | 22,663,983 | 18,409,459 | - | - |
| Software development expenditure | 7 | 111,907,526 | 102,425,367 | 2,055,099 | 3,017,088 |
| Investments in subsidiaries | 8 | - | - | 35,418,519 | 35,246,929 |
| Investment in a joint venture | 9 | 289,241 | - | 5,100 | - |
| Other investments | 10 | 105,000 | 105,000 | - | - |
| Finance lease receivable | 11 | 914,536 | - | 1,134,346 | - |
| Deferred tax assets | 12 | 1,846,954 | 2,706,940 | 266,640 | 266,640 |
| | | 142,323,282 | 128,126,781 | 40,974,967 | 40,723,496 |
| Current assets | | | | | |
| Inventories and contract costs | 13 | 22,275,262 | 5,766,061 | - | - |
| Other investments | 10 | 3,388,221 | 4,474,662 | 702,531 | 3,195,629 |
| Trade receivables | 14 | 55,040,773 | 28,051,892 | 31,966,696 | 31,031,276 |
| Other receivables, deposits and prepayments | 15 | 31,285,078 | 20,680,809 | 1,903,584 | 2,287,275 |
| Contract assets | 16 | 36,306,599 | 17,285,819 | - | - |
| Finance lease receivable | 11 | 212,395 | - | 212,395 | - |
| Amount owing by former ultimate holding company | 17 | - | 28,074,593 | - | 1,079,390 |
| Amount owing by former immediate holding company | 18 | - | 36,764 | - | - |
| Amounts owing by subsidiaries | 19 | - | - | 43,093,081 | 42,874,905 |
| Amounts owing by jointly-controlled entity | 20 | 543,526 | - | 542,653 | - |
| Current tax assets | | 10,617,468 | 6,157,325 | 1,594,903 | 1,626,232 |
| Cash and bank balances | 21 | 33,676,241 | 63,122,153 | 254,296 | 1,162,808 |
| | | 193,345,563 | 173,650,078 | 80,270,139 | 83,257,515 |
| TOTAL ASSETS | | 335,668,845 | 301,776,859 | 121,245,106 | 123,981,011 |

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

As at 31 March 2023

| | | Group | | Company | |
|--|------|-------------|-------------|--------------|--------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Note | | | | | |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 22 | 166,259,528 | 161,896,279 | 166,259,528 | 161,896,279 |
| Reserves | 23 | (214,324) | 38,160 | - | - |
| Retained earnings/(Accumulated losses) | | 60,063,918 | 39,321,872 | (51,614,412) | (46,555,634) |
| | | 226,109,122 | 201,256,311 | 114,645,116 | 115,340,645 |
| Non-controlling interests | 8(d) | 130,457 | 480,482 | - | - |
| TOTAL EQUITY | | 226,239,579 | 201,736,793 | 114,645,116 | 115,340,645 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Provision for gratuity obligations | 37 | - | 1,828,952 | - | - |
| Other payables and provision | 26 | 183,084 | 157,548 | 183,084 | 157,548 |
| Lease liabilities | 27 | 4,572,634 | 4,120,401 | 3,126,373 | 2,660,748 |
| Deferred tax liabilities | 12 | 5,448,450 | 3,744,846 | - | - |
| | | 10,204,168 | 9,851,747 | 3,309,457 | 2,818,296 |
| Current liabilities | | | | | |
| Trade payables | 28 | 17,353,809 | 23,767,522 | - | - |
| Other payables and provision | 26 | 24,560,412 | 13,968,866 | 1,551,478 | 2,464,902 |
| Contract liabilities | 29 | 26,038,579 | 17,307,792 | 140,857 | 428,932 |
| Amount owing to former ultimate holding company | 17 | - | 37,659 | - | - |
| Amount owing to former immediate holding company | 18 | - | 793,765 | - | 789,075 |
| Amounts owing to subsidiaries | 19 | - | - | 254,177 | - |
| Amounts owing to former related companies | 30 | - | 1,378,632 | - | 146,593 |
| Amount owing to jointly-controlled entity | 20 | 1,170,000 | - | - | - |
| Borrowings | 24 | 28,004,653 | 27,914,436 | - | - |
| Lease liabilities | 27 | 1,723,113 | 2,670,003 | 1,344,021 | 1,992,568 |
| Provision for gratuity obligations | 37 | - | 238,931 | - | - |
| Current tax liabilities | | 374,532 | 2,110,713 | - | - |
| | | 99,225,098 | 90,188,319 | 3,290,533 | 5,822,070 |
| TOTAL LIABILITIES | | 109,429,266 | 100,040,066 | 6,599,990 | 8,640,366 |
| TOTAL EQUITY AND LIABILITIES | | 335,668,845 | 301,776,859 | 121,245,106 | 123,981,011 |

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

| | Note | Group | | Company | |
|--|-------|---------------|---------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Revenue | 33 | 248,448,515 | 218,310,178 | 7,859,796 | 7,451,025 |
| Cost of sales | | (177,184,757) | (153,139,383) | (474,733) | (1,824,179) |
| Gross profit | | 71,263,758 | 65,170,795 | 7,385,063 | 5,626,846 |
| Other operating income | | 7,652,367 | 3,291,996 | 7,284,902 | 1,554,264 |
| Distribution costs | | (1,781,547) | (1,151,324) | (51,855) | (48,536) |
| Administrative expenses | | (37,117,808) | (25,270,513) | (8,081,455) | (4,975,924) |
| Other operating expenses | | (7,035,844) | (6,562,594) | (1,675,526) | (1,590,455) |
| Net gains/(losses) on impairment of financial assets | | 338,999 | 207,053 | (3,892,959) | (3,900,490) |
| Finance costs | 34 | (1,680,552) | (1,454,422) | (381,695) | (413,730) |
| Share of profit of a jointly-controlled entity, net of tax | 9 | 284,141 | - | - | - |
| Profit/(Loss) before taxation | | 31,923,514 | 34,230,991 | 586,475 | (3,748,025) |
| Taxation | 35 | (5,890,092) | (8,771,990) | (301,203) | 98,391 |
| Profit/(Loss) for the financial year | | 26,033,422 | 25,459,001 | 285,272 | (3,649,634) |
| Other comprehensive income, net of tax | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translations for foreign operations, net of tax | 35(c) | (249,435) | 681 | - | - |
| Total comprehensive income/(loss) | | 25,783,987 | 25,459,682 | 285,272 | (3,649,634) |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the parent | | 25,858,677 | 25,469,946 | 285,272 | (3,649,634) |
| Non-controlling interests | 8(d) | 174,745 | (10,945) | - | - |
| | | 26,033,422 | 25,459,001 | 285,272 | (3,649,634) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Owners of the parent | | 25,606,193 | 25,466,280 | 285,272 | (3,649,634) |
| Non-controlling interests | 8(d) | 177,794 | (6,598) | - | - |
| | | 25,783,987 | 25,459,682 | 285,272 | (3,649,634) |
| Earnings per ordinary share attributable to equity holders of the Company: | | | | | |
| Basic (sen) | 36 | 2.42 | 3.66 | | |
| Diluted (sen) | 36 | 2.42 | 3.66 | | |

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

| Group | Note | Non-distributable | | Retained earnings RM | Total attributable to owners of the parent RM | Non-controlling interests RM | Total equity RM |
|---|------|---------------------|------------------------------------|-------------------------|--|---------------------------------|--------------------|
| | | Share capital RM | Exchange translation reserve RM | | | | |
| Balance as at 1 April 2022 | | 161,896,279 | 38,160 | 39,321,872 | 201,256,311 | 480,482 | 201,736,793 |
| Profit for the financial year | | - | - | 25,858,677 | 25,858,677 | 174,745 | 26,033,422 |
| Foreign currency translation for foreign operations, net of tax | | - | (252,484) | - | (252,484) | 3,049 | (249,435) |
| Total comprehensive income | | - | (252,484) | 25,858,677 | 25,606,193 | 177,794 | 25,783,987 |
| Transactions with owners | | | | | | | |
| Shares issued pursuant to Employee Share Grant Plan | 22 | 4,363,249 | - | - | 4,363,249 | - | 4,363,249 |
| Arising from accretion of equity interests in a subsidiary | | - | - | 227,419 | 227,419 | (302,419) | (75,000) |
| Dividends paid | 38 | - | - | (5,344,050) | (5,344,050) | - | (5,344,050) |
| Dividends paid to non-controlling interest | | - | - | - | - | (225,400) | (225,400) |
| Total transactions with owners | | 4,363,249 | - | (5,116,631) | (753,382) | (527,819) | (1,281,201) |
| Balance as at 31 March 2023 | | 166,259,528 | (214,324) | 60,063,918 | 226,109,122 | 130,457 | 226,239,579 |
| Balance as at 1 April 2021 | | 105,582,794 | 41,826 | 13,851,926 | 119,476,546 | 487,080 | 119,963,626 |
| Profit for the financial year | | - | - | 25,469,946 | 25,469,946 | (10,945) | 25,459,001 |
| Foreign currency translation for foreign operations, net of tax | | - | (3,666) | - | (3,666) | 4,347 | 681 |
| Total comprehensive income | | - | (3,666) | 25,469,946 | 25,466,280 | (6,598) | 25,459,682 |
| Transactions with owners | | | | | | | |
| Shares issued under private placement | 22 | 53,369,855 | - | - | 53,369,855 | - | 53,369,855 |
| Shares issued pursuant to Employee Share Grant Plan | 22 | 2,943,630 | - | - | 2,943,630 | - | 2,943,630 |
| Total transactions with owners | | 56,313,485 | - | - | 56,313,485 | - | 56,313,485 |
| Balance as at 31 March 2022 | | 161,896,279 | 38,160 | 39,321,872 | 201,256,311 | 480,482 | 201,736,793 |

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

| Company | Note | Non-distributable | Accumulated losses RM | Total equity RM |
|---|------|-------------------|-----------------------|-----------------|
| | | Share capital RM | | |
| Balance as at 1 April 2022 | | 161,896,279 | (46,555,634) | 115,340,645 |
| Profit for the financial year | | - | 285,272 | 285,272 |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive income | | - | 285,272 | 285,272 |
| Transactions with owners | | | | |
| Shares issued pursuant to Employee Share Grant Plan | 22 | 4,363,249 | - | 4,363,249 |
| Dividends paid | 38 | - | (5,344,050) | (5,344,050) |
| Total transactions with owners | | 4,363,249 | (5,344,050) | (980,801) |
| Balance as at 31 March 2023 | | 166,259,528 | (51,614,412) | 114,645,116 |
| Balance as at 1 April 2021 | | | | |
| Balance as at 1 April 2021 | | 105,582,794 | (42,906,000) | 62,676,794 |
| Loss for the financial year | | - | (3,649,634) | (3,649,634) |
| Other comprehensive loss, net of tax | | - | - | - |
| Total comprehensive loss | | - | (3,649,634) | (3,649,634) |
| Transactions with owners | | | | |
| Shares issued under restricted issue | 22 | 53,369,855 | - | 53,369,855 |
| Shares issued pursuant to Employee Share Grant Plan | 22 | 2,943,630 | - | 2,943,630 |
| Total transactions with owners | | 56,313,485 | - | 56,313,485 |
| Balance as at 31 March 2022 | | 161,896,279 | (46,555,634) | 115,340,645 |

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2023

| | | Group | | Company | |
|--|-------|-------------|-------------|-------------|-------------|
| | Note | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit/(Loss) before taxation | | 31,923,514 | 34,230,991 | 586,475 | (3,748,025) |
| Adjustments for: | | | | | |
| Amortisation of software development expenditure | 7 | 12,882,057 | 7,815,684 | 1,017,639 | 899,658 |
| Depreciation of property, plant and equipment | 5 | 1,486,160 | 1,450,028 | 585,904 | 649,759 |
| Dividend income | 33 | (86,937) | (50,600) | (6,524,770) | (50,600) |
| (Gain)/Loss on termination of lease contract | | (69,823) | 12,760 | (33,344) | - |
| Lease concession | 27 | (5,232) | - | - | - |
| Gain on lease modification | | (2,699) | - | - | - |
| Impairment losses on: | | | | | |
| - amount owing by former ultimate holding company | 17(e) | - | 100,000 | - | - |
| - amounts owing by subsidiaries | 19(e) | - | - | 4,030,116 | 926,964 |
| - trade receivables | 14 | 389,178 | 270,096 | 395,985 | 4,384,105 |
| - contract asset | 16(c) | - | 17,370 | - | - |
| - other receivables | 15(f) | 3,450 | - | - | - |
| Interest expense | 34 | 1,680,552 | 1,716,332 | 381,695 | 413,730 |
| Interest income | | (539,868) | (311,939) | (84,198) | (1,669) |
| Provision for gratuity obligations | 37 | (2,067,883) | (67,142) | - | - |
| Reversal of impairment losses on: | | | | | |
| - amount owing by former ultimate holding company | 17(e) | (139,230) | (19,228) | - | (17,603) |
| - amount owing by former immediate holding company | 18 | - | (14,101) | - | (12,083) |
| - amounts owing by subsidiaries | 19(e) | - | - | (533,142) | (1,380,893) |
| - trade receivables | 14 | (592,397) | (561,190) | - | - |
| Other payables and accruals written back | | (183,451) | (1,181,946) | - | - |
| Share options granted under Employee Share Grant Plan | | 4,363,249 | 2,943,630 | 87,217 | 211,913 |
| Share of profit of a jointly-controlled entity, net of tax | 9 | (284,141) | - | - | - |
| Net unrealised loss/(gain) on foreign exchange | | 9,849 | (27,421) | - | - |
| Net unrealised loss/(gain) on other investment | | 1,905,782 | (240,271) | 34,000 | (126,500) |
| Gain on disposal of other investment | | (5,151,045) | (1,710,580) | (634,416) | (1,239,300) |
| Operating profit/(loss) before changes in working capital | | 45,521,085 | 44,372,473 | (690,839) | 909,456 |

The accompanying notes form an integral part of the financial statements.

| | Note | Group | | Company | |
|---|-----------|--------------|--------------|-------------|--------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd.) | | | | | |
| (Increase)/Decrease in inventories and contract costs | | (16,509,201) | 856,026 | - | - |
| Increase in trade and other receivables | | (3,729,366) | (5,560,064) | (409,977) | (30,567,735) |
| Increase in contract assets | | (19,020,779) | (9,913,797) | - | - |
| Decrease in finance lease receivable | | 131,307 | 4,074,426 | 132,804 | 3,755,638 |
| (Decrease)/Increase in trade and other payables | | (507,737) | 6,264,684 | (2,203,692) | 45,729 |
| Increase/(Decrease) in contract liabilities | | 8,730,787 | (396,258) | (288,075) | (168,347) |
| Cash generated from/(used in) operations | | 14,616,096 | 39,697,490 | (3,459,779) | (26,025,259) |
| Interest received | | 71,494 | 9,066 | 71,684 | - |
| Tax paid | | (10,033,355) | (6,084,454) | (369,655) | (182,384) |
| Tax refunded | | 44,687 | - | - | - |
| Net cash from/(used in) operating activities | | 4,698,922 | 33,622,102 | (3,757,750) | (26,207,643) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Addition of software development expenditure | 7 | (22,364,216) | (46,928,321) | (55,650) | (328,380) |
| Repayments (to)/from former ultimate holding company | | - | (4,651,260) | - | 17,461,091 |
| Repayments from former immediate holding company | | - | 16,167,107 | - | 16,092,663 |
| Repayments from/(Advances to) subsidiaries | | - | - | 7,472,672 | (54,903,499) |
| Dividend received | | 86,937 | 50,600 | 321,537 | 50,600 |
| Interest received | | 467,254 | 302,873 | 12,514 | 1,669 |
| Placement of deposits from licensed banks | | (966,772) | (447,766) | - | - |
| Net disposal/(purchase) of other investments | | 4,332,824 | (2,424,396) | 3,093,514 | (1,747,703) |
| Acquisition of additional interests in a subsidiary | 8(c)(iii) | (75,000) | - | - | - |
| Purchase of property, plant and equipment | 5(f) | (446,721) | (174,364) | (27,671) | (41,851) |
| Subscription of newly issued shares in subsidiaries | 8(c)(i) | - | - | (171,589) | - |
| Acquisition of subsidiaries, net of cash acquired | 8(c)(ii) | 38,664 | - | - | - |
| Downpayment made for acquisition of investment property | 15(b) | (6,000,000) | - | - | - |
| Acquisition of interests in jointly-controlled entity | 9 | (5,100) | - | (5,100) | - |
| Advances to jointly-controlled entity | | (1,000) | - | (1,000) | - |
| Net cash (used in)/from investing activities | | (24,933,130) | (38,105,527) | 10,639,227 | (23,415,410) |

STATEMENTS OF CASH FLOWS (CONT'D.)

For the financial year ended 31 March 2023

| | Note | Group | | Company | |
|--|-------|--------------|--------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Drawdown of borrowings | | 79,201,799 | 89,435,566 | – | – |
| Repayment of borrowings | | (79,108,397) | (81,539,124) | – | – |
| Payment of lease liabilities | | (3,374,487) | (3,665,924) | (2,445,939) | (2,600,166) |
| Proceeds from ordinary shares issued pursuant to private placement | 22 | – | 53,369,855 | – | 53,369,855 |
| Interest paid | | (1,111,040) | (1,123,897) | – | – |
| Dividends paid | 38 | (5,344,050) | – | (5,344,050) | – |
| Dividends paid to non-controlling interest | | (225,400) | – | – | – |
| Net cash (used in)/from financing activities | | (9,961,575) | 56,476,476 | (7,789,989) | 50,769,689 |
| Net (decrease)/increase in cash and cash equivalents | | (30,195,783) | 51,993,051 | (908,512) | 1,146,636 |
| Cash and cash equivalents at beginning of financial year | | 56,151,670 | 4,120,794 | 1,162,808 | 16,172 |
| Effect of changes in exchange rates | | (213,715) | 37,825 | – | – |
| Cash and cash equivalents at end of financial year | 21(d) | 25,742,172 | 56,151,670 | 254,296 | 1,162,808 |

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Note | Group | | Company | |
|---|------|-------------|-------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| (i) Borrowings* | | | | | |
| As at 1 April 2022/2021 | | 25,433,617 | 17,537,175 | - | - |
| Cash flows | | 93,402 | 7,896,442 | - | - |
| As at 31 March 2023/2022 | 24 | 25,527,019 | 25,433,617 | - | - |
| (ii) Lease liabilities | | | | | |
| As at 1 April 2022/2021 | | 6,790,404 | 10,095,342 | 4,653,316 | 6,839,752 |
| Cash flows | | (3,374,487) | (3,665,924) | (2,445,939) | (2,600,166) |
| Non-cash flows | | | | | |
| - Addition of leases | | 2,869,895 | 52,516 | 2,029,374 | - |
| - Unwinding of interest | | 543,976 | 592,435 | 356,159 | 413,730 |
| - Lease modification | | 141,456 | 31,119 | - | - |
| - Lease concessions | | (5,232) | - | - | - |
| - Lease termination | | (670,265) | (315,084) | (122,516) | - |
| As at 31 March 2023/2022 | 27 | 6,295,747 | 6,790,404 | 4,470,394 | 4,653,316 |
| Total liabilities from financing activities | | 31,822,766 | 32,224,021 | 4,470,394 | 4,653,316 |

* For reconciliation of liabilities arising from financing activities purpose, the bank overdraft has been excluded from the borrowings as cash and cash equivalents include bank overdraft.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

1. CORPORATE INFORMATION

Microlink Solutions Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia.

On 27 February 2023, the listing of and quotation for the entire issued share capital of the Company has been officially transferred from the ACE Market to the Main Market of Bursa Securities. The Company is also a Multimedia Super Corridor ("MSC") status company.

The registered office of the Company is located at Ho Hup Tower - Aurora Place 02-07-01 - Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The principal place of business of the Company is located at Ho Hup Tower - Aurora Place 02-08-01, Level 8, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 10 July 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of research and development on information technology solutions to the financial services industry. The principal activities and the details of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 44.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Company and its subsidiaries in Malaysia are principally engaged in financial services, enterprise solutions, distribution services and solution delivery for computer software solutions.

(a) Business segments

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products and services, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Financial Services

Provision of business and technical services for financial institutions.

(ii) Enterprise Solutions

Provision of emerging technologies for enterprise.

(iii) Distribution Services

Distribution and maintenance of computer equipment and software.

(iv) Solution Delivery

Provision of project and software solutions delivery services.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the financial year.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the statements of financial position.

4. OPERATING SEGMENTS (CONT'D.)

(a) Business segments (Cont'd.)

| 2023 | Financial Services RM | Enterprise Solutions RM | Distribution Services RM | Solution Delivery RM | Elimination RM | Consolidation RM |
|--|-----------------------------|-------------------------------|--------------------------------|----------------------------|----------------------|---------------------|
| Revenue | | | | | | |
| External sales | 64,954,195 | 58,954,931 | 122,739,389 | 1,800,000 | - | 248,448,515 |
| Inter-segment sales | 15,187,966 | 849,618 | 9,832,797 | 431,747 | (26,302,128) | - |
| Total | 80,142,161 | 59,804,549 | 132,572,186 | 2,231,747 | (26,302,128) | 248,448,515 |
| Results | | | | | | |
| Interest income | 238,361 | 141,067 | 167,382 | 3,708 | (10,650) | 539,868 |
| Dividend income | 6,524,770 | - | - | - | (6,437,833) | 86,937 |
| Reversal of impairment losses on former ultimate holding company | - | 38,436 | 794 | 100,000 | - | 139,230 |
| Reversal of impairment losses on trade receivables | 519,148 | - | - | - | - | 519,148 |
| Reversal of impairment losses on amounts owing by subsidiaries | 533,142 | - | - | - | (533,142) | - |
| Reversal of impairment losses on related parties | 6,096,185 | 505,989 | 581 | 72,507 | (6,602,013) | 73,249 |
| Realised gain on disposal of other investment | 5,151,045 | - | - | - | - | 5,151,045 |
| Net unrealised fair value loss on investment | (1,905,782) | - | - | - | - | (1,905,782) |
| Amortisation of software development expenditure | (6,584,444) | (6,433,410) | - | (653,076) | 788,873 | (12,882,057) |
| Depreciation of property, plant and equipment | (1,021,511) | (33,530) | (415,756) | (36,076) | 20,713 | (1,486,160) |
| Impairment losses on amounts owing by subsidiaries | (4,426,101) | - | - | - | 4,426,101 | - |
| Impairment losses on trade receivables | - | (389,178) | - | - | - | (389,178) |
| Impairment losses on other receivables | - | - | - | (3,450) | - | (3,450) |
| Impairment losses on amounts owing by related parties | (1,099,052) | (242,526) | (682,691) | (138,365) | 2,162,634 | - |
| Interest expense | (759,041) | (71,372) | (858,694) | (2,095) | 10,650 | (1,680,552) |
| Taxation | (3,143,578) | (2,260,142) | (633,087) | 146,715 | - | (5,890,092) |
| Segment profit/(loss) before tax | 24,983,724 | 12,826,792 | 1,195,484 | (964,082) | (6,118,404) | 31,923,514 |
| Capital expenditure (exclude right-of-use assets) | 258,299 | 71,973 | 112,050 | 124,260 | (119,861) | 446,721 |
| Software development expenditure | 9,392,542 | 12,512,080 | - | 512,094 | (52,500) | 22,364,216 |
| Segment assets | 221,781,680 | 128,294,044 | 99,412,764 | 25,812,254 | (139,631,897) | 335,668,845 |
| Segment liabilities | 118,605,066 | 95,295,836 | 123,195,718 | 16,765,438 | (244,432,792) | 109,429,266 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

4. OPERATING SEGMENTS (CONT'D.)

(a) Business segments (Cont'd.)

| 2022 | Financial Services RM | Enterprise Solutions RM | Distribution Services RM | Solution Delivery RM | Elimination RM | Consolidation RM |
|--|-----------------------------|-------------------------------|--------------------------------|----------------------------|----------------------|---------------------|
| Revenue | | | | | | |
| External sales | 21,206,364 | 54,761,824 | 139,341,990 | 3,000,000 | - | 218,310,178 |
| Inter-segment sales | 7,062,529 | 658,970 | 5,497,370 | 4,134,844 | (17,353,713) | - |
| Total | 28,268,893 | 55,420,794 | 144,839,360 | 7,134,844 | (17,353,713) | 218,310,178 |
| Results | | | | | | |
| Interest income | 170,035 | 46,339 | 94,721 | 1,202 | (358) | 311,939 |
| Reversal of impairment losses on trade receivables | - | 24,810 | 430,826 | - | - | 455,636 |
| Reversal of impairment losses on related parties | 1,625,343 | 1,024,881 | 9,492,333 | 315,424 | (12,352,427) | 105,554 |
| Reversal of impairment losses on subsidiaries | 1,380,893 | - | - | - | (1,380,893) | - |
| Reversal of impairment losses on former ultimate holding company | 17,603 | - | 1,625 | - | - | 19,228 |
| Reversal of impairment losses on former immediate holding company | 12,083 | 1,056 | 962 | - | - | 14,101 |
| Gain on disposal of property, plant and equipment | - | - | - | 1,725 | (1,725) | - |
| Gain on disposal of investment | 1,710,580 | - | - | - | - | 1,710,580 |
| Amortisation of software development expenditure | (5,100,786) | (2,849,014) | - | (585,703) | 719,819 | (7,815,684) |
| Depreciation of property, plant and equipment | (940,304) | (26,378) | (472,460) | (19,716) | 8,830 | (1,450,028) |
| Impairment losses on amount owing by former ultimate holding company | - | - | - | (100,000) | - | (100,000) |
| Impairment losses on amounts owing by subsidiaries | (5,311,069) | - | - | - | 5,311,069 | - |
| Impairment losses on contract asset | - | - | - | (17,370) | - | (17,370) |
| Impairment losses on trade receivables | (270,096) | - | - | - | - | (270,096) |
| Impairment losses on related parties | (3,731,957) | (673,776) | (979,536) | - | 5,385,269 | - |
| Interest expense | (712,957) | (272,312) | (729,263) | (2,158) | 358 | (1,716,332) |
| Taxation | (125,154) | (6,797,535) | (1,088,594) | (760,707) | - | (8,771,990) |
| Segment profit/(loss) before tax | (10,611,787) | 28,752,668 | 14,802,055 | 4,284,044 | (2,995,989) | 34,230,991 |
| Capital expenditure (exclude right-of-use assets) | 81,219 | 23,178 | 18,232 | 51,735 | - | 174,364 |
| Software development expenditure | 1,478,380 | 42,226,616 | - | 3,315,243 | (91,918) | 46,928,321 |
| Segment assets | 189,523,823 | 101,382,956 | 98,543,115 | 25,438,021 | (113,111,056) | 301,776,859 |
| Segment liabilities | 107,243,065 | 72,090,104 | 122,813,464 | 15,573,838 | (217,680,405) | 100,040,066 |

4. OPERATING SEGMENTS (CONT'D.)

(b) Geographical segments

| | Revenue RM | Segment assets RM | Segment liabilities RM | Capital and software development expenditure RM | Depreciation and amortisation RM |
|-------------|---------------|-------------------------|------------------------------|---|---|
| 2023 | | | | | |
| Malaysia | 237,009,131 | 332,036,336 | 108,083,459 | 22,810,937 | 14,368,217 |
| Overseas | 11,439,384 | 3,632,509 | 1,345,807 | - | - |
| | 248,448,515 | 335,668,845 | 109,429,266 | 22,810,937 | 14,368,217 |
| 2022 | | | | | |
| Malaysia | 213,909,067 | 301,392,292 | 99,570,131 | 47,102,685 | 9,265,712 |
| Overseas | 4,401,111 | 384,567 | 469,935 | - | - |
| | 218,310,178 | 301,776,859 | 100,040,066 | 47,102,685 | 9,265,712 |

Geographical segments of the Group are presented based on the physical geographical locations of customers of subsidiaries of the Group.

(c) Major customers

During the financial year, the Group has significant reliance on a single customer, with whom the Group transacted RM26,513,909 (2022: RM38,803,345), which was more than 10 (ten) percent of its revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

5. PROPERTY, PLANT AND EQUIPMENT

| Group | Balance as at 1.4.2022 RM | Lease modification RM | Lease termination RM | Additions RM | Written off RM | Depreciation charge for the financial year RM | Exchange adjustments RM | Balance as at 31.3.2023 RM |
|--------------------------------|---------------------------|-----------------------|----------------------|--------------|----------------|---|-------------------------|----------------------------|
| Carrying amount | | | | | | | | |
| Buildings | 2,152,158 | 144,155 | - | 771,136 | * | (507,107) | - | 2,560,342 |
| - Right-of-use assets | 3,609 | - | - | - | - | (1,104) | - | 2,505 |
| Furniture and fittings | 8,877 | - | - | 6,000 | - | (4,638) | - | 10,239 |
| Office equipment | | | | | | | | |
| Computer software and hardware | | | | | | | | |
| - Owned | 282,192 | - | - | 440,721 | - | (143,672) | - | 579,241 |
| - Right-of-use assets | 202,148 | - | - | - | - | (142,902) | - | 59,246 |
| Renovations | 15,186 | - | - | - | - | (358) | 96 | 14,924 |
| Motor vehicles | | | | | | | | |
| - Owned | - | - | - | - | - | - | - | - |
| - Right-of-use assets | 1,815,845 | - | (600,442) | 840,521 | - | (686,379) | - | 1,369,545 |
| | 4,480,015 | 144,155 | (600,442) | 2,058,378 | * | (1,486,160) | 96 | 4,596,042 |

* Refers to the expiration of lease contract.

| Group | As at 31.3.2023 | | |
|--------------------------------|-----------------|-----------------------------|--------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Buildings | 4,199,381 | (1,639,039) | 2,560,342 |
| - Right-of-use assets | 176,585 | (174,080) | 2,505 |
| Furniture and fittings | 67,340 | (57,101) | 10,239 |
| Office equipment | | | |
| Computer software and hardware | | | |
| - Owned | 3,485,489 | (2,906,248) | 579,241 |
| - Right-of-use assets | 459,322 | (400,076) | 59,246 |
| Renovations | 191,847 | (176,923) | 14,924 |
| Motor vehicles | | | |
| - Owned | 20,800 | (20,800) | - |
| - Right-of-use assets | 2,713,358 | (1,343,813) | 1,369,545 |
| | 11,314,122 | (6,718,080) | 4,596,042 |

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

| Group | Balance as at 1.4.2021 RM | Lease modification RM | Additions RM | Depreciation charge for the financial year RM | Exchange adjustments RM | Balance as at 31.3.2022 RM |
|--------------------------------|------------------------------------|-----------------------------|-----------------|---|-------------------------------|-------------------------------------|
| Carrying amount | | | | | | |
| Buildings | | | | | | |
| – Right-of-use assets | 2,557,910 | 31,119 | - | (436,871) | - | 2,152,158 |
| Furniture and fittings | 4,713 | - | - | (1,104) | - | 3,609 |
| Office equipment | 10,160 | - | 3,250 | (4,533) | - | 8,877 |
| Computer software and hardware | | | | | | |
| – Owned | 256,622 | - | 171,114 | (145,544) | - | 282,192 |
| – Right-of-use assets | 287,446 | - | 52,516 | (137,814) | - | 202,148 |
| Renovations | 15,209 | - | - | (358) | 335 | 15,186 |
| Motor vehicles | | | | | | |
| – Owned | - | - | - | - | - | - |
| – Right-of-use assets | 2,539,649 | - | - | (723,804) | - | 1,815,845 |
| | 5,671,709 | 31,119 | 226,880 | (1,450,028) | 335 | 4,480,015 |

| Group | As at 31.3.2022 | | |
|--------------------------------|-----------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Buildings | | | |
| – Right-of-use assets | 3,463,075 | (1,310,917) | 2,152,158 |
| Furniture and fittings | 176,585 | (172,976) | 3,609 |
| Office equipment | 63,190 | (54,313) | 8,877 |
| Computer software and hardware | | | |
| – Owned | 3,044,768 | (2,762,576) | 282,192 |
| – Right-of-use assets | 459,322 | (257,174) | 202,148 |
| Renovations | 191,751 | (176,565) | 15,186 |
| Motor vehicles | | | |
| – Owned | 20,800 | (20,800) | - |
| – Right-of-use assets | 3,432,575 | (1,616,730) | 1,815,845 |
| | 10,852,066 | (6,372,051) | 4,480,015 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

| Company | Balance as at 1.4.2022 RM | Additions RM | Lease termination RM | Written off RM | Depreciation charge for the financial year RM | Balance as at 31.3.2023 RM |
|--------------------------------|------------------------------------|-----------------|----------------------------|----------------------|---|-------------------------------------|
| Carrying amount | | | | | | |
| Buildings | | | | | | |
| - Right-of-use assets | 1,865,651 | 549,829 | - | * | (376,899) | 2,038,581 |
| Furniture and fittings | 4 | - | - | - | - | 4 |
| Office equipment | 6 | - | - | - | - | 6 |
| Computer software and hardware | 39,937 | 27,671 | - | - | (10,936) | 56,672 |
| Motor vehicles | | | | | | |
| - Right-of-use assets | 287,241 | - | (89,172) | * | (198,069) | - |
| | 2,192,839 | 577,500 | (89,172) | * | (585,904) | 2,095,263 |

* Refers to the expiration of lease contract.

| Company | As at 31.3.2023 | | |
|--------------------------------|-----------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Buildings | | | |
| - Right-of-use assets | 3,264,188 | (1,225,607) | 2,038,581 |
| Furniture and fittings | 27,647 | (27,643) | 4 |
| Office equipment | 31,368 | (31,362) | 6 |
| Computer software and hardware | 277,881 | (221,209) | 56,672 |
| Motor vehicles | | | |
| - Right-of-use assets | 460,000 | (460,000) | - |
| | 4,061,084 | (1,965,821) | 2,095,263 |

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

| Company | Balance as at 1.4.2021 RM | Additions RM | Depreciation charge for the financial year RM | Balance as at 31.3.2022 RM |
|--------------------------------|------------------------------------|-----------------|---|-------------------------------------|
| Carrying amount | | | | |
| Buildings | | | | |
| - Right-of-use assets | 2,188,157 | - | (322,506) | 1,865,651 |
| Furniture and fittings | 4 | - | - | 4 |
| Office equipment | 6 | - | - | 6 |
| Computer software and hardware | 10,132 | 41,851 | (12,046) | 39,937 |
| Motor vehicles | | | | |
| - Right-of-use assets | 602,448 | - | (315,207) | 287,241 |
| | 2,800,747 | 41,851 | (649,759) | 2,192,839 |

| Company | As at 31.3.2022 | | |
|--------------------------------|-----------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Buildings | | | |
| - Right-of-use assets | 2,893,344 | (1,027,693) | 1,865,651 |
| Furniture and fittings | 27,647 | (27,643) | 4 |
| Office equipment | 31,368 | (31,362) | 6 |
| Computer software and hardware | 250,210 | (210,273) | 39,937 |
| Motor vehicles | | | |
| - Right-of-use assets | 1,389,587 | (1,102,346) | 287,241 |
| | 4,592,156 | (2,399,317) | 2,192,839 |

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) All items of property, plant and equipment, except for right-of-use assets, are initially measured at cost. Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal annual depreciation rates of property, plant and equipment, except for right-of-use assets are as follows:

| | |
|--------------------------------|-----------|
| Furniture and fittings | 15% - 20% |
| Office equipment | 15% - 20% |
| Computer software and hardware | 20% - 25% |
| Renovations | 10% - 20% |
| Motor vehicles | 20% |

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

| | |
|--------------------------------|--------------|
| Buildings | 2 - 10 years |
| Computer software and hardware | 2 - 5 years |
| Motor vehicles | 2 - 4 years |

- (b) Net carrying amounts of right-of-use assets presented within property, plant and equipment are as follows:

| Group | Balance as at 1.4.2022 RM | Lease modification RM | Lease termination RM | Additions RM | Depreciation charge for the financial year RM | Balance as at 31.3.2023 RM |
|-----------------------------------|------------------------------------|-----------------------------|----------------------------|-----------------|---|-------------------------------------|
| Carrying amount | | | | | | |
| Buildings | 2,152,158 | 144,155 | - | 771,136 | (507,107) | 2,560,342 |
| Computer software and hardware | 202,148 | - | - | - | (142,902) | 59,246 |
| Motor vehicles | 1,815,845 | - | (600,442) | 840,521 | (686,379) | 1,369,545 |
| | 4,170,151 | 144,155 | (600,442) | 1,611,657 | (1,336,388) | 3,989,133 |

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(b) Net carrying amounts of right-of-use assets presented within property, plant and equipment are as follows: (Cont'd.)

| Company | Balance as at 1.4.2022 RM | Additions RM | Lease termination RM | Depreciation charge for the financial year RM | Balance as at 31.3.2023 RM |
|------------------------|------------------------------------|-----------------|----------------------------|---|-------------------------------------|
| Carrying amount | | | | | |
| Buildings | 1,865,651 | 549,829 | - | (376,899) | 2,038,581 |
| Motor vehicles | 287,241 | - | (89,172) | (198,069) | - |
| | 2,152,892 | 549,829 | (89,172) | (574,968) | 2,038,581 |

| Group | Balance as at 1.4.2021 RM | Lease modification RM | Additions RM | Depreciation charge for the financial year RM | Balance as at 31.3.2022 RM |
|-----------------------------------|------------------------------------|-----------------------------|-----------------|---|-------------------------------------|
| Carrying amount | | | | | |
| Buildings | 2,557,910 | 31,119 | - | (436,871) | 2,152,158 |
| Computer software and hardware | 287,446 | - | 52,516 | (137,814) | 202,148 |
| Motor vehicles | 2,539,649 | - | - | (723,804) | 1,815,845 |
| | 5,385,005 | 31,119 | 52,516 | (1,298,489) | 4,170,151 |

| Company | Balance as at 1.4.2021 RM | Depreciation charge for the financial year RM | Balance as at 31.3.2022 RM |
|------------------------|------------------------------------|---|-------------------------------------|
| Carrying amount | | | |
| Buildings | 2,188,157 | (322,506) | 1,865,651 |
| Motor vehicles | 602,448 | (315,207) | 287,241 |
| | 2,790,605 | (637,713) | 2,152,892 |

(c) The Group has certain leases of buildings, office equipment, computer software and hardware with lease term of 12 months or less, and low value leases of office equipment and computer software and hardware of RM10,000 and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(d) The following are the amounts recognised in profit or loss:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Depreciation charge of right-of-use assets (included in administrative expenses) | 1,336,388 | 1,298,489 | 574,968 | 637,713 |
| Interest expense on lease liabilities (included in finance cost) | 543,976 | 592,435 | 356,159 | 413,730 |
| (Gain)/Loss on termination of lease contract (included in other operating income) | (69,823) | 12,760 | (33,344) | - |
| Lease concession (included in other operating income) | (5,232) | - | - | - |
| Gain on lease modification (included in other operating income) | (2,699) | - | - | - |
| Expense relating to short-term leases (included in administrative expenses) | 711,084 | 52,085 | 24,608 | 7,589 |
| Expense relating to leases of low-value assets (included in administrative expenses) | 8,415 | 4,788 | - | - |
| | 2,522,109 | 1,960,557 | 922,391 | 1,059,032 |

(e) The following are total cash outflows for leases as lessee:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Included in net cash of operating activities: | | | | |
| Payment relating to short term leases | 711,084 | 52,085 | 24,608 | 7,589 |
| Payment relating to leases of low-value assets | 8,415 | 4,788 | - | - |
| Interest paid in relation to lease liabilities | 543,976 | 592,435 | 356,159 | 413,730 |
| Included in net cash from financing activities: | | | | |
| Payment of lease liabilities | 3,374,487 | 3,665,924 | 2,445,939 | 2,600,166 |
| | 4,637,962 | 4,315,232 | 2,826,706 | 3,021,485 |

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (f) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

| | Group | | Company | |
|--|-------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Purchase of property, plant and equipment | 2,058,378 | 226,880 | 577,500 | 41,851 |
| Financed by lease liabilities | (1,611,657) | (52,516) | (549,829) | - |
| Cash payments on purchase of property, plant and equipment | 446,721 | 174,364 | 27,671 | 41,851 |

6. GOODWILL

| | Group | |
|------------------------|------------|------------|
| | 2023 RM | 2022 RM |
| Carrying amount | | |
| Goodwill | 22,663,983 | 18,409,459 |

| | Cost RM | Accumulated impairment losses RM | Carrying amount RM |
|----------------------------|------------|---|--------------------------|
| As at 31 March 2023 | | | |
| Goodwill | 22,727,894 | (63,911) | 22,663,983 |
| As at 31 March 2022 | | | |
| Goodwill | 18,473,370 | (63,911) | 18,409,459 |

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

6. GOODWILL (CONT'D.)

- (b) Goodwill has been allocated to the Cash Generating Units ("CGUs") of the Group based on the following reportable segments:

| | Group | |
|-----------------------|------------|------------|
| | 2023 RM | 2022 RM |
| Financial Services | 7,072,376 | 2,817,852 |
| Enterprise Solutions | 3,449,874 | 3,449,874 |
| Distribution Services | 8,672,340 | 8,672,340 |
| Solution Delivery | 3,469,393 | 3,469,393 |
| | 22,663,983 | 18,409,459 |

- (c) Impairment assessment on the carrying amount of goodwill is performed at least on an annual basis. The Directors have made significant judgements and estimates about the future results and key assumptions applied to cash flow forecasts of the CGUs in determining its recoverable amount.

Recoverable amounts of goodwill for both financial years have been determined based on the value-in-use of the CGU, using the following assumptions:

- (i) Cash flow forecasts based on approved financial budgets covering a five (5) year period;
- (ii) Pre-tax discount rate of the Group of 11.0% (2022: 9.72%) per annum;
- (iii) Forecasted growth rates ranging from 5.0% to 6.0% (2022: 5.0% to 6.0%) based on past performance of the segment;
- (iv) Terminal value based on the fifth year cash flow without incorporating any growth rate; and
- (v) Projected profit margins based on historical profit margins achieved.

Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGUs' recoverable amounts, which would cause the CGUs' carrying amounts to materially exceed their recoverable amounts.

7. SOFTWARE DEVELOPMENT EXPENDITURE

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| At cost | | | | |
| As at 1 April 2022/2021 | 137,433,871 | 90,505,550 | 32,247,538 | 31,919,158 |
| Additions during the financial year | 22,364,216 | 46,928,321 | 55,650 | 328,380 |
| As at 31 March 2023/2022 | 159,798,087 | 137,433,871 | 32,303,188 | 32,247,538 |
| Accumulated amortisation | | | | |
| As at 1 April 2022/2021 | (34,595,781) | (26,780,097) | (28,790,728) | (27,891,070) |
| Amortisation during the financial year | (12,882,057) | (7,815,684) | (1,017,639) | (899,658) |
| As at 31 March 2023/2022 | (47,477,838) | (34,595,781) | (29,808,367) | (28,790,728) |
| Accumulated impairment losses | | | | |
| As at 31 March 2023/2022 | (412,723) | (412,723) | (439,722) | (439,722) |
| Carrying amount | 111,907,526 | 102,425,367 | 2,055,099 | 3,017,088 |

- (a) Software development expenditure are intangible assets with finite useful lives that are measured after initial recognition at cost less accumulated amortisation and any impairment losses.
- (b) Software development expenditure comprises salaries of personnel involved in development projects. Software development expenditure are charged to profit or loss in the financial year in which it is incurred except for that relating to specific projects intended for commercial exploitation where it is expected to generate future economic benefits and can reasonably be recovered from related future revenue. Such development expenditure is amortised on a straight-line method over the expected life of the software which is five (5) to ten (10) years, commencing when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.
- (c) During the financial year, the Group and the Company made cash payments of RM22,364,216 (2022: RM46,928,321) and RM55,650 (2022: RM328,380) respectively on additions of software development expenditure.
- (d) Impairment assessment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units ("CGUs"). The carrying amount of the software development expenditure in the Group with indications of impairment amounted to RM6,217,619 as at 31 March 2023.

The Group has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. The Group has determined that the recoverable amounts are in excess of the carrying amounts of the software development expenditure and no further impairment has been recorded in the current financial year.

8. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-------------------------------------|------------|------------|
| | 2023 RM | 2022 RM |
| Unquoted shares, at cost | 35,778,970 | 35,607,380 |
| Less: Accumulated impairment losses | (360,451) | (360,451) |
| | 35,418,519 | 35,246,929 |

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' shares of subsequent changes in equity.

- (b) Details of the subsidiaries are as follows:

| Name of Company | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|--|--|---------------------------|-----------|---|
| | | 2023 % | 2022 % | |
| Direct subsidiaries | | | | |
| Microlink Systems Sdn. Bhd. ("MSSB") | Malaysia | 100 | 100 | Provision of information technology solutions to the financial services industry and dealing in related products |
| CA IT Infrastructure Solutions Sdn. Bhd. ("CAIT") | Malaysia | 100 | 100 | Trading and marketing of computer software programs and products |
| Microlink Innovation Sdn. Bhd. ("MISB") | Malaysia | 100 | 100 | Provision of research and development for information technology solutions to the financial services industry |
| CSA Servis (M) Sdn. Bhd. ("CSAS") | Malaysia | 100 | 100 | Investment holding and provision of computer repair and maintenance service, supply of computer parts, accessories, computers and peripherals |
| Omesti Innovation Lab (Malaysia) Sdn. Bhd. ("OIL") | Malaysia | 100 | 100 | Development of information and multimedia technology and provision of deployment services |
| PT Microlink Indonesia ("PTMI")® | Republic of Indonesia | 100 | 100 | Provision of information technology solutions to the financial services industry and dealing in related products |

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Details of the subsidiaries are as follows: (Cont'd.)

| Name of Company | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|--|--|---------------------------|--------|--|
| | | 2023 % | 2022 % | |
| Direct subsidiaries (Cont'd.) | | | | |
| Microlink Software Sdn. Bhd. ("MSB") | Malaysia | 51 | 51 | Provision of consultancy services in supporting and modifying banking software |
| ML Tridimas Sdn. Bhd. ("MLTSB") | Malaysia | 100 | 100 | Development of application software, system integration services and the provision of hardware and software maintenance services |
| Dhanalynk Sdn. Bhd. | Malaysia | 100 | 100 | Development of application software, system integration services and the provision of hardware and software maintenance services |
| Microlink Solution WLL [@] | Kingdom of Bahrain | 100 | – | Provision of computer programming, computer consultancy and computer facilities management and management consultancy services |
| Microlink Solutions Pte. Ltd. ("MSPL") (Formerly known as Formis Labs Singapore Pte. Ltd.) [@] | Singapore | 100 | – | Distributing and marketing online video surveillance and analytics services |
| Subsidiary of MSSB | | | | |
| PT Microlink International Maju ("PTMIM") [@] | Republic of Indonesia | 65 | 65 | Provision of information technology solutions to the financial services industry and dealing in related products |
| Subsidiaries of CSAS | | | | |
| Formis Systems & Technology Sdn. Bhd. ("FST") | Malaysia | 100 | 100 | Distribution and maintenance of computer hardware and software |
| First Solution Sdn. Bhd. ("FIRST") | Malaysia | 100 | 100 | Distribution and maintenance of computer hardware and software |
| Applied Business Systems Sdn. Bhd. ("ABS") | Malaysia | 100 | 100 | Distribution and maintenance of computer hardware and software |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(b) Details of the subsidiaries are as follows: (Cont'd.)

| Name of Company | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|--|--|---------------------------|-----------|--|
| | | 2023 % | 2022 % | |
| Subsidiaries of CSAS (Cont'd.) | | | | |
| Formis Computer Services Sdn. Bhd. ("FCS") | Malaysia | 100 | 100 | Provision of computer technology and maintenance of computer hardware and software |
| Formis Advanced Systems Sdn. Bhd. ("FAS") | Malaysia | 100 | 85 | Provision of information technology services in terms of hardware, software, consultancy and maintenance |

@ Subsidiaries not audited by BDO PLT or BDO PLT member firms.

(c) Other details of investments in subsidiaries:

(i) Incorporation of a subsidiary

On 26 April 2022, the Company had incorporated and subscribed for a total of one (1) share representing 100% of the entire issued and paid-up share capital of Microlink Solutions WLL., a company incorporated in Kingdom of Bahrain that is engaged in the provision of computer programming, computer consultancy and computer facilities management and management consultancy services for RM171,589.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Other details of investments in subsidiaries: (Cont'd.)

(ii) Increase in investment in subsidiaries

1) Acquisition of MSPL

On 4 July 2022, the Company had acquired 100 ordinary shares, representing 100% of the entire issued and paid-up share capital of MSPL, a company incorporated in Singapore that is engaged in distributing and marketing online video surveillance and analytics services, for a total cash consideration of RM1.

Following the transaction, goodwill amounting RM4,254,524 was recognised based on provisional fair value of identifiable net assets and liabilities on the acquisition of MSPL.

The identifiable assets and liabilities acquired were as follows:

| | Net carrying amount RM |
|--|---------------------------|
| Assets | |
| Cash and bank balances | 38,665 |
| Liabilities | |
| Other payables and accruals | 41,067 |
| Amount owing to former ultimate holding company | 3,562,140 |
| Amount owing to former immediate holding company | 6,832 |
| Amounts owing to related parties | 683,149 |
| | 4,293,188 |
| Total identifiable net liabilities at provisional fair value | (4,254,523) |
| Provisional goodwill arising on acquisition | 4,254,524 |
| Total consideration | 1 |

The effect on the acquisition of MSPL on cash flows is as follows:

| | RM |
|--|----------|
| Total cash consideration | 1 |
| Less: Cash and cash equivalents of a subsidiary acquired | (38,665) |
| Net cash inflow on acquisition | (38,664) |

The revenue and profit or loss of MSPL for financial year ended 31 March 2023 or since the date of acquisition did not have any material effect on the financial results of the Group.

- 2) Previously, on 25 March 2022, the Company increased its investment in subsidiaries by a total of RM17,800,000 by capitalising the amount due from subsidiaries.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

(c) Other details of investments in subsidiaries: (Cont'd.)

(iii) Accretion of equity interest in a subsidiary

On 25 February 2023, CSAS, a wholly owned subsidiary of the Company acquired 75,000 ordinary shares, representing 15% of the total issued and paid-up share capital of FAS for a total cash consideration of RM75,000. Following the acquisition, FAS became a wholly-owned subsidiary of CSAS.

(d) Subsidiaries of the Group that have material non-controlling interests (NCI) are as follows:

| | MSB RM | FAS RM | PTMIM RM | Total RM |
|--|-----------|-----------|-------------|-------------|
| 2023 | | | | |
| NCI percentage of ownership interest and voting interest | 49% | 0% | 35% | |
| Carrying amount of NCI | 67,676 | - | 62,781 | 130,457 |
| (Loss)/Profit allocated to NCI | (5,293) | 302,276 | (122,238) | 174,745 |
| Total comprehensive (loss)/income allocated to NCI | (5,293) | 302,276 | (119,189) | 177,794 |
| 2022 | | | | |
| NCI percentage of ownership interest and voting interest | 49% | 15% | 35% | |
| Carrying amount of NCI | 298,370 | 144 | 181,968 | 480,482 |
| Loss allocated to NCI | (9,805) | (1,103) | (37) | (10,945) |
| Total comprehensive (loss)/income allocated to NCI | (9,805) | (1,103) | 4,310 | (6,598) |

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

- (e) Summarised financial information of the subsidiaries that have material NCI as at the end of each reporting period prior to intra-group elimination are as follows:

| | MSB RM | FAS RM | PTMIM RM | Total RM |
|--|-----------|-----------|-------------|-------------|
| 2023 | | | | |
| Assets and liabilities | | | | |
| Non-current assets | 2 | - | 14,160 | 14,162 |
| Current assets | 142,413 | - | 422,850 | 565,263 |
| Current liabilities | (4,300) | - | (257,633) | (261,933) |
| Net assets | 138,115 | - | 179,377 | 317,492 |
| Results | | | | |
| Revenue | 2,500 | - | - | 2,500 |
| Loss for the financial year | (10,802) | - | (349,252) | (360,054) |
| Total comprehensive loss | (10,802) | - | (340,538) | (351,340) |
| Cash flow from/(used in): | | | | |
| - operating activities | 21,316 | - | (58) | 21,258 |
| - investing activities | - | - | - | - |
| - financing activities | (460,000) | - | - | (460,000) |
| Net decrease in cash and cash equivalents | (438,684) | - | (58) | (438,742) |
| 2022 | | | | |
| Assets and liabilities | | | | |
| Non-current assets | 573 | - | 14,064 | 14,637 |
| Current assets | 615,163 | 5,347 | 761,737 | 1,382,247 |
| Current liabilities | (6,818) | (4,393) | (255,886) | (267,097) |
| Net assets | 608,918 | 954 | 519,915 | 1,129,787 |
| Results | | | | |
| Revenue | 991,013 | 55,280 | - | 1,046,293 |
| Loss for the financial year | (20,011) | (7,356) | (107) | (27,474) |
| Total comprehensive (loss)/income | (20,011) | (7,356) | 12,315 | (15,052) |
| Cash flow from/(used in): | | | | |
| - operating activities | 258,474 | (6,938) | (11,898) | 239,638 |
| - investing activities | 1,935 | 1,073 | - | 3,008 |
| - financing activities | - | - | (87) | (87) |
| Net increase/(decrease) in cash and cash equivalents | 260,409 | (5,865) | (11,985) | 242,559 |

8. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

- (f) The Company assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environment and performance of the subsidiaries. Management has considered the shareholders' deficit as at financial year end in certain subsidiaries as an impairment indicator. The carrying amount of these subsidiaries was RM7,401,113 (2022: RM26,846,417).

The Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the affected subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each subsidiary. Management has determined that the recoverable amounts are in excess of the carrying amounts of the investments in subsidiaries and no further impairment has been recorded in the current financial year.

9. INVESTMENT IN A JOINT VENTURE

| | Group | | Company | |
|------------------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Unquoted equity shares, at cost | 5,100 | - | 5,100 | - |
| Share of post-acquisition reserves | 284,141 | - | - | - |
| | 289,241 | - | 5,100 | - |

- (a) The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) Details of the joint venture are as follows:

| Name of Company | Country of incorporation/ Principal place of business | Effective equity interest | | Principal activities |
|--|--|---------------------------|-----------|---|
| | | 2023 % | 2022 % | |
| Joint venture with Kinexure Sdn. Bhd. | | | | |
| Microlink Kinexure Sdn. Bhd. # | Malaysia | 51 | - | Provision of information technology management and consultancy services |

Incorporated on 27 December 2022.

10. OTHER INVESTMENTS

| | Group | | Company | |
|-----------------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Non-current | | | | |
| Equity securities: | | | | |
| - Transferable club memberships | 105,000 | 105,000 | - | - |
| Current | | | | |
| Equity securities: | | | | |
| - Quoted income funds in Malaysia | 86,031 | 83,795 | 86,031 | 83,795 |
| - Quoted shares in Malaysia | 3,302,190 | 4,390,867 | 616,500 | 3,111,834 |
| | 3,388,221 | 4,474,662 | 702,531 | 3,195,629 |
| Total other investments | 3,493,221 | 4,579,662 | 702,531 | 3,195,629 |

- (a) The equity securities are classified as financial assets at fair value through profit or loss.
- (b) The fair values of transferable club memberships are estimated based on references to current available counter party quotations of the same investments.
- (c) The fair values of quoted income funds in Malaysia are determined by reference to the exchange quoted market bid prices at the close of business at the end of each reporting period.
- (d) Fair value hierarchy

| Group | Fair value of financial instruments carried at fair value | | | | Total fair value RM | Carrying amount RM |
|--------------------------------------|--|---------------|---------------|-------------|---------------------------|--------------------------|
| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM | | |
| 2023 | | | | | | |
| Equity securities | | | | | | |
| - Quoted income funds | 86,031 | - | - | 86,031 | 86,031 | 86,031 |
| - Quoted shares | 3,302,190 | - | - | 3,302,190 | 3,302,190 | 3,302,190 |
| - Transferable golf club memberships | - | - | 105,000 | 105,000 | 105,000 | 105,000 |
| 2022 | | | | | | |
| Equity securities | | | | | | |
| - Quoted income funds | 83,795 | - | - | 83,795 | 83,795 | 83,795 |
| - Quoted shares | 4,390,867 | - | - | 4,390,867 | 4,390,867 | 4,390,867 |
| - Transferable golf club memberships | - | - | 105,000 | 105,000 | 105,000 | 105,000 |

10. OTHER INVESTMENTS (CONT'D.)

(d) Fair value hierarchy (Cont'd.)

| Company | Fair value of financial instruments carried at fair value | | | | Total fair value RM | Carrying amount RM |
|--------------------------|--|---------------|---------------|-------------|---------------------------|--------------------------|
| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM | | |
| 2023 | | | | | | |
| Equity securities | | | | | | |
| - Quoted income funds | 86,031 | - | - | 86,031 | 86,031 | 86,031 |
| - Quoted shares | 616,500 | - | - | 616,500 | 616,500 | 616,500 |
| 2022 | | | | | | |
| Equity securities | | | | | | |
| - Quoted income funds | 83,795 | - | - | 83,795 | 83,795 | 83,795 |
| - Quoted shares | 3,111,834 | - | - | 3,111,834 | 3,111,834 | 3,111,834 |

(e) Sensitivity analysis of quoted shares against stock indices at the end of each reporting period, assuming that all other variables remain constant, is as follows:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Effects of 10% changes to stock indices | | | | |
| Profit/(Loss) after tax | ±312,000 | ±800,000 | ±50,000 | ±727,000 |

As the Group and the Company neither have the intention, nor historical trend of active trading in transferable golf club memberships and quoted income funds, the Directors are of the opinion that the Group and the Company are not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

- (f) There is no transfer between levels in the hierarchy during the financial year.
- (g) The valuation technique and significant unobservable input used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

| Financial asset | Valuation technique used | Significant unobservable input | Inter-relationship between key unobservable inputs and fair value |
|------------------------------------|--------------------------|--------------------------------|---|
| Transferable golf club memberships | Market comparison method | Counter party quotation | The higher the quotation, the higher the fair value of the other investment |

11. FINANCE LEASE RECEIVABLE

- (a) Finance lease receivable is classified as financial asset measured at amortised cost.
- (b) The Group is an intermediate lessor in the sublease of building. The subleases are classified as finance leases with reference to the right-of-use assets arising from the head leases. The Group derecognises the underlying assets and recognises receivables at an amount equal to net investments in finance leases. Net investments in the finance leases are measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset.
- (c) Interest income from lease receivable is recognised in the profit or loss using the effective interest rate method. Finance lease receivables bear interest of 7.70% (2022: Nil) per annum.
- (d) All finance lease receivable of the Group is denominated in RM.
- (e) The finance lease receivable is subject to a fixed weighted average effective interest rate of 7.70% per annum. Sensitivity analysis for fixed rate receivables as at the end of the reporting period is not presented as fixed rate instruments as it is not affected by changes in interest rate.
- (f) Impairment for finance lease receivable is recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 14(e)(i) to the financial statements.
- (g) No expected credit loss is recognised arising from finance lease receivable as it is negligible.
- (h) The maturity profile of finance lease receivable at the end of each reporting period is summarised as follows:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Present value of finance lease receivable: | | | | |
| Non-current | 914,536 | - | 1,134,346 | - |
| Current | 212,395 | - | 212,395 | - |
| | 1,126,931 | - | 1,346,741 | - |
| Maturity: | | | | |
| Within one year | 307,038 | - | 307,038 | - |
| One to five years | 988,533 | - | 1,228,153 | - |
| More than five years | 102,346 | - | 102,346 | - |
| | 1,397,917 | - | 1,637,537 | - |
| Less: Unearned interest income | (270,986) | - | (290,796) | - |
| | 1,126,931 | - | 1,346,741 | - |

12. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and deferred tax liabilities are made up of the following:

| | Group | | Company | |
|---|-------------|-------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| As at 1 April 2022/2021 | (1,037,906) | 3,010,981 | 266,640 | 266,640 |
| Recognised in profit or loss (Note 35) | (2,563,590) | (4,048,887) | - | - |
| As at 31 March 2023/2022 | (3,601,496) | (1,037,906) | 266,640 | 266,640 |
| Presented after appropriate offsetting: | | | | |
| Deferred tax assets | 1,846,954 | 2,706,940 | 266,640 | 266,640 |
| Deferred tax liabilities | (5,448,450) | (3,744,846) | - | - |
| Deferred tax (liabilities)/assets, net | (3,601,496) | (1,037,906) | 266,640 | 266,640 |

(b) The components and movements of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows:

| Deferred tax assets of the Group | Unused tax losses RM | Unabsorbed capital allowances RM | Lease liabilities RM | Other temporary differences RM | Total RM |
|--|-------------------------|-------------------------------------|-------------------------|-----------------------------------|-------------|
| Balance as at 1 April 2022 | 2,494,381 | - | 169,905 | 3,332,555 | 5,996,841 |
| Recognised in profit or loss | 645,494 | 2,576,318 | 122,680 | 1,690,178 | 5,034,670 |
| Balance as at 31 March 2023, prior to offsetting | 3,139,875 | 2,576,318 | 292,585 | 5,022,733 | 11,031,511 |
| Set-off | | | | | (9,184,557) |
| Balance as at 31 March 2023 | | | | | 1,846,954 |
| Balance as at 1 April 2021 | 2,436,781 | 28,611 | 97,238 | 3,811,992 | 6,374,622 |
| Recognised in profit or loss | 57,600 | (28,611) | 72,667 | (479,437) | (377,781) |
| Balance as at 31 March 2022, prior to offsetting | 2,494,381 | - | 169,905 | 3,332,555 | 5,996,841 |
| Set-off | | | | | (3,289,901) |
| Balance as at 31 March 2022 | | | | | 2,706,940 |

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

- (b) The components and movements of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows: (Cont'd.)

| Deferred tax liabilities of the Group | Property, plant and equipment RM | Software development expenditure RM | Finance lease receivables RM | Other temporary differences RM | Total RM |
|--|-------------------------------------|--|---------------------------------|-----------------------------------|--------------|
| Balance as at 1 April 2022 | (334,354) | (3,442,899) | 81 | (3,257,575) | (7,034,747) |
| Recognised in profit or loss | (460,406) | (5,805,371) | 251 | (1,332,734) | (7,598,260) |
| Balance as at 31 March 2023, prior to offsetting | (794,760) | (9,248,270) | 332 | (4,590,309) | (14,633,007) |
| Set-off | | | | | 9,184,557 |
| Balance as at 31 March 2023 | | | | | (5,448,450) |
| Balance as at 1 April 2021 | (345,278) | - | (6,595) | (3,011,768) | (3,363,641) |
| Recognised in profit or loss | 10,924 | (3,442,899) | 6,676 | (245,807) | (3,671,106) |
| Balance as at 31 March 2022, prior to offsetting | (334,354) | (3,442,899) | 81 | (3,257,575) | (7,034,747) |
| Set-off | | | | | 3,289,901 |
| Balance as at 31 March 2022 | | | | | (3,744,846) |

| Deferred tax assets of the Company | Unabsorbed capital allowances RM | Lease liabilities RM | Other temporary differences RM | Total RM |
|--|-------------------------------------|-------------------------|-----------------------------------|-------------|
| Balance as at 1 April 2022 | - | 138,308 | 131,594 | 269,902 |
| Recognised in profit or loss | 399,475 | 122,109 | (53,848) | 467,736 |
| Balance as at 31 March 2023, prior to offsetting | 399,475 | 260,417 | 77,746 | 737,638 |
| Set-off | | | | (470,998) |
| Balance as at 31 March 2023 | | | | 266,640 |
| Balance as at 1 April 2021 | - | 85,650 | 184,672 | 270,322 |
| Recognised in profit or loss | - | 52,658 | (53,078) | (420) |
| Balance as at 31 March 2022, prior to offsetting | - | 138,308 | 131,594 | 269,902 |
| Set-off | | | | (3,262) |
| Balance as at 31 March 2022 | | | | 266,640 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

- (b) The components and movements of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows: (Cont'd.)

| Deferred tax liabilities of the Company | Property, plant and equipment RM | Software development expenditure RM | Total RM |
|--|---|--|-------------|
| Balance as at 1 April 2022 | (3,262) | - | (3,262) |
| Recognised in profit or loss | (7,136) | (460,600) | (467,736) |
| Balance as at 31 March 2023, prior to offsetting | (10,398) | (460,600) | (470,998) |
| Set-off | | | (470,998) |
| Balance as at 31 March 2023 | | | - |
| Balance as at 1 April 2021 | (3,682) | - | (3,682) |
| Recognised in profit or loss | 420 | - | 420 |
| Balance as at 31 March 2022, prior to offsetting | (3,262) | - | (3,262) |
| Set-off | | | 3,262 |
| Balance as at 31 March 2022 | | | - |

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Unused tax losses | | | | |
| - Expires by 31 March 2028 | - | 5,149,920 | - | - |
| - Expires by 31 March 2029 | 163,449 | 171,319 | - | - |
| - Expires by 31 March 2031 | 996,744 | 999,760 | - | - |
| - Expires by 31 March 2032 | 21,165 | 26,704 | - | - |
| - Expires by 31 March 2033 | 403,774 | - | - | - |
| Unabsorbed capital allowances | 2,907,677 | 2,647,154 | 1,036,684 | 1,139,721 |
| Other deductible temporary differences | 10,568,419 | 14,360,147 | - | 755,495 |
| | 15,061,228 | 23,355,004 | 1,036,684 | 1,895,216 |

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities. Unutilised tax losses of the holding company and subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

13. INVENTORIES & CONTRACT COSTS

| | Note | Group | |
|---------------------------------------|------|------------|------------|
| | | 2023 RM | 2022 RM |
| Inventories | | | |
| At cost | | | |
| Hardware maintenance parts and spares | (a) | 1,342,458 | 1,462,838 |
| Contract costs | (b) | 20,932,804 | 4,303,223 |
| | | 22,275,262 | 5,766,061 |

(a) Inventories

- (i) Inventories are determined on the first-in, first-out basis and stated at the lower of cost and net realisable value.
- (ii) Cost of inventories of the Group recognised as an expense during the financial year amounted to RM100,256,017 (2022: RM99,518,023).
- (iii) The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses sales trend and current economic trends when evaluating the adequacy of the write down for obsolete or slow moving inventories. Where actual results differ from the original estimates, the differences would impact the carrying amount of inventories. No write down has been made during the financial year.

(b) Contract costs

- (i) Contract costs represent directly attributable costs incurred in fulfilling a contract that are expected to be recovered in satisfying future performance obligations. Costs incurred by the Group to fulfill a contract prior to the commencement of its performance are mostly general and administrative expenses that are expensed as incurred.
- (ii) Contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The basis of amortisation is reviewed at the end of the year to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- (iii) An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for goods or services to which the asset relates, net of remaining directly attributable costs yet to be expensed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

13. INVENTORIES & CONTRACT COSTS (CONT'D.)

(b) Contract costs (Cont'd.)

(iv) Movement of contract costs is as follows:

| | Group | |
|---------------------------------------|--------------|-------------|
| | 2023 RM | 2022 RM |
| Balance as at 1 April 2022/2021 | 4,303,223 | 5,495,185 |
| Capitalised during the financial year | 39,295,843 | 3,861,368 |
| | 43,599,066 | 9,356,553 |
| Recognised in profit or loss | (22,666,262) | (5,053,330) |
| Balance as at 31 March 2023/2022 | 20,932,804 | 4,303,223 |

No provision for impairment losses were required on contract costs as at 31 March 2023 and 31 March 2022.

14. TRADE RECEIVABLES

| | Note | Group | | Company | |
|-------------------------|------|--------------|--------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Third parties | | 65,782,497 | 29,788,295 | - | - |
| Related parties | | - | 9,353,397 | - | - |
| Subsidiaries | | - | - | 38,687,874 | 37,356,469 |
| | | 65,782,497 | 39,141,692 | 38,687,874 | 37,356,469 |
| Less: Impairment losses | | | | | |
| - Third parties | (g) | (10,741,724) | (11,016,551) | - | - |
| - Related parties | (h) | - | (73,249) | - | - |
| - Subsidiaries | (i) | - | - | (6,721,178) | (6,325,193) |
| | | (10,741,724) | (11,089,800) | (6,721,178) | (6,325,193) |
| | | 55,040,773 | 28,051,892 | 31,966,696 | 31,031,276 |

(a) Trade receivables are classified as financial assets measured at amortised cost.

(b) The normal trade credit terms of trade receivables granted by the Group and by the Company range from 30 to 90 days (2022: 30 to 90 days) from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

14. TRADE RECEIVABLES (CONT'D.)

(c) The currency exposure profile of trade receivables is as follows:

| | Group | | Company | |
|----------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Ringgit Malaysia | 51,701,583 | 28,051,892 | 31,966,696 | 31,031,276 |
| United States Dollar | 1,325,100 | - | - | - |
| Brunei Dollar | 582,028 | - | - | - |
| Bahraini Dinar | 1,432,062 | - | - | - |
| | 55,040,773 | 28,051,892 | 31,966,696 | 31,031,276 |

(d) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant, is as follows:

| | Group | |
|--|------------|------------|
| | 2023 RM | 2022 RM |
| Effects of 10% changes to RM against foreign currencies | | |
| Profit after tax | ±255,000 | Nil |

(e) Third party receivables

(i) Impairment for third party receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristic which is age of customer relationship.

The expected loss rates are based on the historical credit losses experienced by the Group over the four year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the base lending rate, unemployment rate, inflation rate and labor force participation as the key macroeconomic factors.

During the financial year, the Group identified changes in key macroeconomic factors for the purpose of determining forward-looking information affecting the measurement of expected credit losses.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised judgements in determining the probability of default by trade receivables and appropriate forward-looking information.

14. TRADE RECEIVABLES (CONT'D.)

(e) Third party receivables (Cont'd.)

(ii) Lifetime expected loss provision for third party receivables of the Group is as follows:

| Group | Gross carrying amount RM | Total allowance RM | Net carrying amount RM |
|-------------------|--------------------------|--------------------|------------------------|
| 2023 | | | |
| Current | 34,682,525 | (386,986) | 34,295,539 |
| Past due: | | | |
| 1 to 30 days | 7,623,846 | - | 7,623,846 |
| 31 to 60 days | 3,559,108 | - | 3,559,108 |
| More than 60 days | 19,917,018 | (10,354,738) | 9,562,280 |
| | 31,099,972 | (10,354,738) | 20,745,234 |
| | 65,782,497 | (10,741,724) | 55,040,773 |
| 2022 | | | |
| Current | 12,116,283 | - | 12,116,283 |
| Past due: | | | |
| 1 to 30 days | 3,279,185 | (9,508) | 3,269,677 |
| 31 to 60 days | 1,819,964 | (21,051) | 1,798,913 |
| More than 60 days | 12,572,863 | (10,985,992) | 1,586,871 |
| | 17,672,012 | (11,016,551) | 6,655,461 |
| | 29,788,295 | (11,016,551) | 18,771,744 |

(f) Related party and subsidiaries receivables

Impairment for related party and subsidiaries receivables that do not contain a significant financing component were recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis were recognised.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

14. TRADE RECEIVABLES (CONT'D.)

(f) Related party and subsidiaries receivables (Cont'd.)

Evidence that a financial asset is credit impaired includes the following observable data:

- (i) Significant financial difficulties of the debtor;
- (ii) It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- (iii) The disappearance of an active market for a security because of financial difficulties.

The probability of non-payment by the related parties is adjusted by forward-looking information as stated in Note 14(e)(i) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the related parties.

It requires management to exercise judgement in determining the probability of default by related parties, appropriate forward looking information and significant increase in credit risk.

(g) Movements in the lifetime expected credit loss for third party receivables are as follows:

| | Group | |
|-------------------------------|------------|-------------|
| | 2023 RM | 2022 RM |
| At 1 April 2022/2021 | 11,016,551 | 17,431,011 |
| Charge for the financial year | 389,178 | 270,096 |
| Reversal of impairment losses | (519,148) | (455,636) |
| Written off | (144,857) | (6,228,920) |
| At 31 March 2023/2022 | 10,741,724 | 11,016,551 |

(h) Movements in the impairment allowance for related party receivables are as follows:

| Group | 12-month expected credit loss RM | Lifetime expected credit loss | | Total allowance RM |
|-------------------------------|---|-------------------------------|---------------------------|--------------------------|
| | | Not credit- impaired RM | Credit- impaired RM | |
| At 1 April 2021 | 74,648 | 19,672 | 84,483 | 178,803 |
| Reversal of impairment losses | (4,849) | (19,672) | (81,033) | (105,554) |
| At 31 March/1 April 2022 | 69,799 | – | 3,450 | 73,249 |
| Reversal of impairment losses | (69,799) | – | (3,450) | (73,249) |
| At 31 March 2023 | – | – | – | – |

14. TRADE RECEIVABLES (CONT'D.)

- (i) Movements in the impairment allowance for subsidiaries receivables are as follows:

| Company | 12-month expected credit loss RM | Lifetime expected credit loss | | Total allowance RM |
|---|---|-------------------------------|---------------------------|--------------------------|
| | | Not credit- impaired RM | Credit- impaired RM | |
| At 1 April 2021 | 27,677 | - | 1,913,411 | 1,941,088 |
| Charge for the financial year | - | 4,029,925 | 354,180 | 4,384,105 |
| Transfer to life time ECL - not credit impaired | - | 342,795 | (342,795) | - |
| Transfer to 12-mth ECL | 632,864 | - | (632,864) | - |
| At 31 March/1 April 2022 | 660,541 | 4,372,720 | 1,291,932 | 6,325,193 |
| Charge for the financial year | - | - | 395,985 | 395,985 |
| Transfer to life time ECL - credit impaired | - | (3,670,659) | 3,670,659 | - |
| Transfer to 12-mth ECL | 702,061 | (702,061) | - | - |
| At 31 March 2023 | 1,362,602 | - | 5,358,576 | 6,721,178 |

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period. The Group considers advance to be credit impaired when the related parties advance is 90 days past due.

- (j) As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.
- (k) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:

| | Group | | | |
|-------------------|------------|------------|------------|------------|
| | 2023 | | 2022 | |
| | RM | % of total | RM | % of total |
| By country | | | | |
| Malaysia | 51,701,583 | 93.93% | 28,042,602 | 99.97% |
| Singapore | - | - | 9,290 | 0.03% |
| Brunei | 582,028 | 1.06% | - | - |
| Bahrain | 1,432,062 | 2.60% | - | - |
| Vietnam | 1,325,100 | 2.41% | - | - |
| | 55,040,773 | 100.00% | 28,051,892 | 100.00% |

| | Company | | | |
|-------------------|------------|------------|------------|------------|
| | 2023 | | 2022 | |
| | RM | % of total | RM | % of total |
| By country | | | | |
| Malaysia | 31,966,696 | 100.0% | 31,031,276 | 100.00% |

14. TRADE RECEIVABLES (CONT'D.)

- (k) The credit risk concentration profile of the trade receivables at the end of the reporting period are as follows: (Cont'd.)

At the end of the reporting period, approximately 59% (2022: 43%) of the trade receivables of the Group were due from three (3) customers (2022: three (3) customers).

At the end of the reporting period, the Company does not have significant concentration of credit risk other than related parties of RM31,966,696 (2022: RM31,031,276), which contributes 100% (2022: 100%) of total receivables of the Company.

- (l) Included in trade receivables of the Group, is an amount of RM26,180,576 that are due from related parties.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|-------------------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Other receivables | 7,739,233 | 9,905,974 | 884,518 | 858,597 |
| Deposits | 802,563 | 820,180 | 119,138 | 320,613 |
| Less: Accumulated impairment losses | (3,450) | - | - | - |
| | 8,538,346 | 10,726,154 | 1,003,656 | 1,179,210 |
| Prepayments | 22,746,732 | 9,954,655 | 899,928 | 1,108,065 |
| | 31,285,078 | 20,680,809 | 1,903,584 | 2,287,275 |

- (a) Other receivables and deposits are classified as financial assets measured at amortised cost.
- (b) Included in prepayments, is an amount of RM6,000,000 being the downpayment made for the purchase of investment properties.
- (c) The currency exposure profile of other receivables and deposits is as follows:

| | Group | | Company | |
|-------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Ringgit Malaysia | 8,527,119 | 10,384,509 | 1,003,656 | 1,179,210 |
| Indonesian Rupiah | - | 341,645 | - | - |
| Bahraini Dinar | 11,227 | - | - | - |
| | 8,538,346 | 10,726,154 | 1,003,656 | 1,179,210 |

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

- (d) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant, is as follows:

| | Group | |
|--|------------|------------|
| | 2023 RM | 2022 RM |
| Effects of 10% changes to RM against foreign currencies | | |
| Profit after tax | ±1,000 | ±26,000 |

- (e) Impairment for other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(f) to the financial statements.
- (f) The reconciliation of movement in allowance for impairment accounts in other receivables of the Group is as follows:

| Group | Lifetime expected credit loss | Total allowance RM |
|-------------------------------|-------------------------------------|--------------------------|
| | Credit- impaired RM | |
| At 1 April 2022 | - | - |
| Charge for the financial year | 3,450 | 3,450 |
| At 31 March 2023 | 3,450 | 3,450 |

No expected credit losses is recognised arising from other receivables and deposits of the Company as it is negligible.

- (g) Included in other receivables of the Group and of the Company, are an amount of RM61,148 and RM15,731 respectively that are due from related parties.

16. CONTRACT ASSETS

| | Note | Group | |
|---|------|--------------|--------------|
| | | 2023 RM | 2022 RM |
| Aggregate contract costs incurred to date | | 31,247,440 | 18,408,776 |
| Add: Attributable profits | | 55,348,118 | 57,373,948 |
| Less: Progress billings | | 86,595,558 | 75,782,724 |
| Less: Impairment losses | | (50,192,938) | (59,291,545) |
| | | (96,021) | (96,021) |
| | | 36,306,599 | 16,395,158 |
| Represented by: | | | |
| Contract assets | | | |
| Projects | | 36,306,599 | 17,285,819 |
| Contract liabilities | | | |
| Projects | 29 | - | (890,661) |
| | | 36,306,599 | 16,395,158 |

(a) Projects

Projects represent the timing differences in revenue recognition and milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 14(e)(i) to the financial statements.

(c) Movements in the lifetime expected credit loss for contract asset are as follows:

| | Group | |
|-------------------------------|------------|------------|
| | 2023 RM | 2022 RM |
| At 1 April 2022/2021 | 96,021 | 78,651 |
| Charge for the financial year | - | 17,370 |
| At 31 March 2023/2022 | 96,021 | 96,021 |

17. AMOUNT OWING BY/(TO) FORMER ULTIMATE HOLDING COMPANY

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Amount owing by former ultimate holding company | - | 28,213,823 | - | 1,079,390 |
| Less: Impairment losses | - | (139,230) | - | - |
| | - | 28,074,593 | - | 1,079,390 |
| Amount owing to former ultimate holding company | - | (37,659) | - | - |

- (a) Amount owing by/(to) former ultimate holding company was classified as a financial asset/(liability) measured at amortised cost.
- (b) Amount owing by/(to) former ultimate holding company represented payments made on behalf, were unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.
- (c) All amounts owing by/(to) former ultimate holding company of the Group and the Company were denominated in RM.
- (d) Impairment for amount owing by former ultimate holding company was recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(f) to the financial statements.
- (e) The reconciliation of movements in allowance for impairment accounts is as follows:

| | Group | | Company | |
|-------------------------------|-------------------------------|------------|------------|------------|
| | 12-month expected credit loss | | | |
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| At 1 April 2022/2021 | 139,230 | 58,458 | – | 17,603 |
| Charge for the financial year | – | 100,000 | – | – |
| Reversal of impairment losses | (139,230) | (19,228) | – | (17,603) |
| At 31 March 2023/2022 | – | 139,230 | – | – |

- (f) The maturity profile of amount owing to former ultimate holding company of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

18. AMONUT OWING BY/(TO) FORMER IMMEDIATE HOLDING COMPANY

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Amount owing by former immediate holding company | - | 36,764 | - | - |
| Less: Impairment losses | - | - | - | - |
| | - | 36,764 | - | - |
| Amount owing to former immediate holding company | - | (793,765) | - | (789,075) |

- (a) Amount owing by/(to) former immediate holding company was classified as a financial asset/(liability) measured at amortised cost.
- (b) Amount owing by/(to) former immediate holding company represented payments made on behalf, which were unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.
- (c) All amounts owing by/(to) former immediate holding company of the Group and the Company were denominated in RM.
- (d) Impairment for amount owing by former immediate holding company was recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(f) to the financial statements.
- (e) The reconciliation of movements in allowance for impairment accounts is as follows:

| | Group | | Company | |
|-------------------------------|-------------------------------|------------|------------|------------|
| | 12-month expected credit loss | | | |
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| At 1 April 2022/2021 | - | 14,101 | - | 12,083 |
| Reversal of impairment losses | - | (14,101) | - | (12,083) |
| At 31 March 2023/2022 | - | - | - | - |

- (f) The maturity profile of amount owing to former immediate holding company of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

| | Company | |
|-------------------------------|--------------|--------------|
| | 2023 RM | 2022 RM |
| Amounts owing by subsidiaries | 111,998,413 | 108,283,263 |
| Less: Impairment losses | (68,905,332) | (65,408,358) |
| | 43,093,081 | 42,874,905 |
| Amounts owing to subsidiaries | 254,177 | - |

- (a) Amounts owing by/(to) subsidiaries are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amounts owing by/(to) subsidiaries represent management fees, advances and payments made on behalf, which are unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.
- (c) All amounts owing by/(to) subsidiaries are denominated in RM.
- (d) Impairment for amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(f) to the financial statements. Management has made significant judgements in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk.
- (e) The reconciliation of movements in allowance for impairment accounts is as follows:

| Company | 12-month expected credit loss RM | Lifetime expected credit loss | | Total allowance RM |
|--|---|-------------------------------|---------------------------|--------------------------|
| | | Not credit- impaired RM | Credit- impaired RM | |
| At 31 March/1 April 2021 | 10,171 | - | 65,852,116 | 65,862,287 |
| Charge for the financial year | - | 926,964 | - | 926,964 |
| Transfer to life time ECL - not credit impaired | (10,171) | 64,911,233 | (64,901,062) | - |
| Transfer to 12-mth ECL | 882,340 | - | (882,340) | - |
| Reversal of impairment losses | - | (1,380,893) | - | (1,380,893) |
| At 31 March/1 April 2022 | 882,340 | 64,457,304 | 68,714 | 65,408,358 |
| Charge for the financial year | 26,070 | - | 4,004,046 | 4,030,116 |
| Transfer to 12-mth ECL | 937,135 | (937,135) | - | - |
| Reversal of impairment losses | (533,142) | - | - | (533,142) |
| At 31 March 2023 | 1,312,403 | 63,520,169 | 4,072,760 | 68,905,332 |

- (f) The maturity profile of amounts owing to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

20. AMOUNTS OWING BY/(TO) JOINTLY-CONTROLLED ENTITY

- (a) Amounts owing by/(to) jointly-controlled entity are classified as financial asset/(liability) measured at amortised cost.
- (b) Amounts owing by/(to) jointly-controlled entity represent management fees, advances and payments made on behalf, which are unsecured, interest-free and collectible/payable within twelve months in cash and cash equivalents.
- (c) All amounts owing by/(to) jointly-controlled entity are denominated in RM.
- (d) Impairment for amounts owing by jointly-controlled entity are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 14(f) to the financial statements.

No expected credit loss is recognised arising from owing by jointly-controlled entity as it is negligible.

- (e) The maturity profile of amounts owing to jointly-controlled entity of the Group at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

21. CASH & BANK BALANCES

| | Group | | Company | |
|------------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Cash and bank balances | 28,219,806 | 58,632,489 | 254,296 | 1,162,808 |
| Deposits with licensed banks | 5,456,435 | 4,489,664 | - | - |
| | 33,676,241 | 63,122,153 | 254,296 | 1,162,808 |

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Included in deposits with licensed banks of the Group are amounts of RM5,456,435 (2022: RM4,489,664) pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.
- (c) The interest rate profile and weighted average effective interest rates ("WAEIR") per annum of deposits placed with licensed banks are as follows:

| | Group | | | |
|-------------------------------------|------------|-----------|------------|-----------|
| | 2023 | | 2022 | |
| | WAEIR % | RM | WAEIR % | RM |
| Fixed rates | | | | |
| Deposits placed with licensed banks | 3.10 | 5,456,435 | 1.64 | 4,489,664 |

Sensitivity analysis for fixed rate deposits placed with licensed banks at the end of the reporting period is not presented as it is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

21. CASH & BANK BALANCES (CONT'D.)

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

| | Group | | Company | |
|--|-------------|-------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Cash and bank balances | 28,219,806 | 58,632,489 | 254,296 | 1,162,808 |
| Deposits with licensed banks | 5,456,435 | 4,489,664 | - | - |
| | 33,676,241 | 63,122,153 | 254,296 | 1,162,808 |
| Less: Deposits pledged to licensed banks | (5,456,435) | (4,489,664) | - | - |
| Bank overdraft (Note 24) | (2,477,634) | (2,480,819) | - | - |
| | 25,742,172 | 56,151,670 | 254,296 | 1,162,808 |

- (e) The currency exposure profile of cash and bank balances is as follows:

| | Group | | Company | |
|----------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Ringgit Malaysia | 33,416,906 | 63,104,297 | 254,296 | 1,162,808 |
| Indonesian Rupiah | 17,746 | 17,856 | - | - |
| Singapore Dollar | 4,467 | - | - | - |
| Bahraini Dinar | 161,974 | - | - | - |
| United States Dollar | 75,148 | - | - | - |
| | 33,676,241 | 63,122,153 | 254,296 | 1,162,808 |

- (f) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant, are as follows:

| | Group | |
|--|------------|------------|
| | 2023 RM | 2022 RM |
| Effects of 10% changes to RM against foreign currencies | | |
| Profit after tax | ±20,000 | ±1,000 |

- (g) No expected credit losses were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.

22. SHARE CAPITAL

| | Group and Company | | | |
|--|-------------------|-------------|------------------|-------------|
| | 2023 | | 2022 | |
| | Number of shares | RM | Number of shares | RM |
| Issued and fully paid | | | | |
| As at 1 April 2022/2021 | 1,067,397,460 | 161,896,279 | 241,290,340 | 105,582,794 |
| Ordinary shares issued pursuant to private placement | - | - | 97,036,100 | 53,369,855 |
| Ordinary shares issued pursuant to bonus issue | - | - | 727,771,020 | - |
| Ordinary shares issued under Employee Share Grant Plan | 4,998,700 | 4,363,249 | 1,300,000 | 2,943,630 |
| As at 31 March 2023/2022 | 1,072,396,160 | 166,259,528 | 1,067,397,460 | 161,896,279 |

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company were increased from 1,067,397,460 to 1,072,396,160 ordinary shares by way of issuance of 4,998,700 new ordinary shares under Employee Share Grant Plan at exercise prices ranging from RM0.54 to RM1.0182 per ordinary share at no consideration.
- (b) Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

23. RESERVES

| | Group | |
|------------------------------|-----------|---------|
| | 2023 RM | 2022 RM |
| <u>Non-distributable:</u> | | |
| Exchange translation reserve | (214,324) | 38,160 |

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

24. BORROWINGS

| | Group | |
|----------------------------|-------------------|-------------------|
| | 2023 RM | 2022 RM |
| Current liabilities | | |
| Bank overdraft | 2,477,634 | 2,480,819 |
| Trust receipts (Note 25) | 25,527,019 | 25,433,617 |
| | 28,004,653 | 27,914,436 |

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) The table below summarises the maturity profile of the borrowings at the end of the reporting period based on contractual undiscounted repayment obligations:

| Group | On demand or within one year RM | One to five years RM | Total RM |
|--|--|----------------------------|-------------------|
| 31 March 2023 | | | |
| Bank overdraft | 2,477,634 | – | 2,477,634 |
| Trust receipts | 26,091,563 | – | 26,091,563 |
| Total undiscounted financial liabilities | 28,569,197 | – | 28,569,197 |
| 31 March 2022 | | | |
| Bank overdraft | 2,480,819 | – | 2,480,819 |
| Trust receipts | 25,868,221 | – | 25,868,221 |
| Total undiscounted financial liabilities | 28,349,040 | – | 28,349,040 |

- (d) The bank overdraft of the Group is secured by the corporate guarantee given by the Company.
- (e) Bank overdraft and trust receipts of the Group are subject to floating weighted average effective interest rates of 7.30% (2022: 6.89%) and 7.42% (2022: 6.14%) per annum respectively.
- (f) Sensitivity analysis of interest rates at the end of the reporting period, assuming that all other variables remain constant, are as follows:

| | Group | |
|---|------------|------------|
| | 2023 RM | 2022 RM |
| Effects of 100bp changes to profit after tax | | |
| Floating rate instruments | ±212,835 | ±211,512 |

25. TRUST RECEIPTS

The trust receipts are secured by the following:

- (a) Pledge of deposits as disclosed in Note 21 to the financial statements; and
- (b) Corporate guarantee from the former ultimate holding company.

26. OTHER PAYABLES AND PROVISION

| | Group | | Company | |
|--------------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Non-current | | | | |
| Provision for restoration cost | 183,084 | 157,548 | 183,084 | 157,548 |
| Current | | | | |
| Other payables and accruals | 24,558,412 | 13,968,866 | 1,551,478 | 2,464,902 |
| Refundable deposits | 2,000 | - | - | - |
| | 24,560,412 | 13,968,866 | 1,551,478 | 2,464,902 |
| | 24,743,496 | 14,126,414 | 1,734,562 | 2,622,450 |

- (a) Other payables, deposits and accruals are classified as financial liabilities measured at amortised cost.
- (b) A reconciliation of the provision for restoration cost is as follows:

| | Group | | Company | |
|-----------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| At 1 April 2022/2021 | 157,548 | 157,548 | 157,548 | 157,548 |
| Unwinding of discount | 25,536 | - | 25,536 | - |
| At 31 March 2023/2022 | 183,084 | 157,548 | 183,084 | 157,548 |

Under the provision of lease agreements, the Group and the Company have obligations to dismantle and remove refurbishments on the demised premise and restore it at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 7.8% per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

26. OTHER PAYABLES AND PROVISION (CONT'D.)

(c) The currency exposure profile of other payables and accruals (excluding provision) is as follows:

| | Group | | Company | |
|-----------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Ringgit Malaysia | 23,756,906 | 13,612,538 | 1,551,478 | 2,464,902 |
| Indonesia Rupiah | 3,202 | 356,328 | - | - |
| United Arab Emirates Dirham | 14,707 | - | - | - |
| Bahraini Dinar | 4,687 | - | - | - |
| Singapore Dollar | 780,910 | - | - | - |
| | 24,560,412 | 13,968,866 | 1,551,478 | 2,464,902 |

(d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Effects of 10% changes to RM against foreign currencies | | | | |
| Profit/(Loss) after tax | ±61,000 | ±28,000 | Nil | Nil |

(e) The table below summarises the maturity profile of the other payables and provision at the end of the reporting period based on contractual undiscounted repayment obligations:

| Group | On demand or within one year RM | More than five years RM | Total RM |
|----------------------|--|-------------------------------|-------------|
| 31 March 2023 | | | |
| Other payables | 24,560,412 | - | 24,560,412 |
| Provision | - | 236,480 | 236,480 |
| | 24,560,412 | 236,480 | 24,796,892 |
| 31 March 2022 | | | |
| Other payables | 13,968,866 | - | 13,968,866 |
| Provision | - | 262,016 | 262,016 |
| | 13,968,866 | 262,016 | 14,230,882 |

26. OTHER PAYABLES AND PROVISION (CONT'D.)

- (e) The table below summarises the maturity profile of the other payables and provision at the end of the reporting period based on contractual undiscounted repayment obligations: (Cont'd.)

| Company | On demand or within one year RM | More than five years RM | Total RM |
|----------------------|--|-------------------------------|-------------|
| 31 March 2023 | | | |
| Other payables | 1,551,478 | - | 1,551,478 |
| Provision | - | 236,480 | 236,480 |
| | 1,551,478 | 236,480 | 1,787,958 |
| 31 March 2022 | | | |
| Other payables | 2,464,902 | - | 2,464,902 |
| Provision | - | 262,016 | 262,016 |
| | 2,464,902 | 262,016 | 2,726,918 |

- (f) Included in other payables of the Group and of the Company, are an amount of RM1,333,766 and RM246,544 respectively that are due from related parties.

27. LEASE LIABILITIES

| Group | Balance as at 1.4.2022 RM | Lease modification RM | Additions RM | Lease termination RM | Lease payments RM | Interest expense RM | Lease concession RM | Balance as at 31.3.2023 RM |
|-----------------------------------|------------------------------------|-----------------------------|-----------------|----------------------------|-------------------------|---------------------------|---------------------------|-------------------------------------|
| Carrying amount | | | | | | | | |
| Buildings | 2,405,223 | 141,456 | 2,029,374 | - | (899,813) | 277,996 | - | 3,954,236 |
| Computer software and hardware | 2,459,711 | - | - | - | (1,670,745) | 93,062 | - | 882,028 |
| Motor vehicles | 1,925,470 | - | 840,521 | (670,265) | (803,929) | 172,918 | (5,232) | 1,459,483 |
| | 6,790,404 | 141,456 | 2,869,895 | (670,265) | (3,374,487) | 543,976 | (5,232) | 6,295,747 |
| Company | Balance as at 1.4.2022 RM | Lease modification RM | Additions RM | Lease termination RM | Lease payments RM | Interest expense RM | Lease concession RM | Balance as at 31.3.2023 RM |
| Carrying amount | | | | | | | | |
| Buildings | 2,102,756 | - | 2,029,374 | - | (738,340) | 263,575 | - | 3,657,365 |
| Computer software and hardware | 2,245,094 | - | - | - | (1,515,404) | 83,339 | - | 813,029 |
| Motor vehicles | 305,466 | - | - | (122,516) | (192,195) | 9,245 | - | - |
| | 4,653,316 | - | 2,029,374 | (122,516) | (2,445,939) | 356,159 | - | 4,470,394 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

27. LEASE LIABILITIES (CONT'D.)

| Group | Balance as at 1.4.2021 RM | Lease modification RM | Additions RM | Lease termination RM | Lease payments RM | Interest expense RM | Balance as at 31.3.2022 RM |
|-----------------------------------|------------------------------------|-----------------------------|-----------------|----------------------------|-------------------------|---------------------------|-------------------------------------|
| Carrying amount | | | | | | | |
| Buildings | 2,765,639 | 31,119 | - | - | (599,954) | 208,419 | 2,405,223 |
| Computer software and hardware | 4,757,024 | - | 52,516 | (315,084) | (2,255,135) | 220,390 | 2,459,711 |
| Motor vehicles | 2,572,679 | - | - | - | (810,835) | 163,626 | 1,925,470 |
| | 10,095,342 | 31,119 | 52,516 | (315,084) | (3,665,924) | 592,435 | 6,790,404 |

| Company | Balance as at 1.4.2021 RM | Lease modification RM | Additions RM | Lease termination RM | Lease payments RM | Interest expense RM | Balance as at 31.3.2022 RM |
|-----------------------------------|------------------------------------|-----------------------------|-----------------|----------------------------|-------------------------|---------------------------|-------------------------------------|
| Carrying amount | | | | | | | |
| Buildings | 2,383,371 | - | - | - | (470,100) | 189,485 | 2,102,756 |
| Computer software and hardware | 3,844,354 | - | - | - | (1,790,931) | 191,671 | 2,245,094 |
| Motor vehicles | 612,027 | - | - | - | (339,135) | 32,574 | 305,466 |
| | 6,839,752 | - | - | - | (2,600,166) | 413,730 | 4,653,316 |

Represented by:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Current liabilities | 1,723,113 | 2,670,003 | 1,344,021 | 1,992,568 |
| Non-current liabilities | 4,572,634 | 4,120,401 | 3,126,373 | 2,660,748 |
| | 6,295,747 | 6,790,404 | 4,470,394 | 4,653,316 |
| Lease liabilities owing to financial institutions | 2,062,636 | 2,954,945 | 813,029 | 2,276,578 |
| Lease liabilities owing to non-financial institutions | 4,233,111 | 3,835,459 | 3,657,365 | 2,376,738 |
| | 6,295,747 | 6,790,404 | 4,470,394 | 4,653,316 |

- (a) Lease liabilities are classified as financial liabilities measured at amortised cost.
- (b) All lease liabilities are denominated in RM.

27. LEASE LIABILITIES (CONT'D.)

- (c) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

| Group | Weighted average incremental borrowing rate per annum % | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|----------------------|---|---------------------------------|----------------------|--------------------|-----------|
| 31 March 2023 | | | | | |
| Lease liabilities | 3.00% - 8.58% | 2,489,505 | 5,032,840 | 448,482 | 7,970,827 |
| 31 March 2022 | | | | | |
| Lease liabilities | 3.00% - 8.70% | 3,063,076 | 4,807,280 | 140,380 | 8,010,736 |

| Company | Weighted average incremental borrowing rate per annum % | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|----------------------|---|---------------------------------|----------------------|--------------------|-----------|
| 31 March 2023 | | | | | |
| Lease liabilities | 3.00% - 8.58% | 1,668,443 | 3,367,440 | 280,620 | 5,316,503 |
| 31 March 2022 | | | | | |
| Lease liabilities | 3.00% - 8.58% | 2,252,466 | 2,970,087 | 140,380 | 5,362,933 |

28. TRADE PAYABLES

- (a) Trade payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2022: 30 days to 90 days) from date of invoice.
- (c) The currency exposure profile of trade payables is as follows:

| | Group | |
|----------------------|------------|------------|
| | 2023 RM | 2022 RM |
| Ringgit Malaysia | 16,811,510 | 23,653,915 |
| United States Dollar | 542,299 | 113,607 |
| | 17,353,809 | 23,767,522 |

28. TRADE PAYABLES (CONT'D.)

- (d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

| | Group | |
|--|------------|------------|
| | 2023 RM | 2022 RM |
| Effects of 10% changes to RM against foreign currencies | | |
| Profit after tax | ±43,000 | ±10,000 |

- (e) Included in trade payables of the Group, is an amount of RM3,627,730 that are due from related parties.
- (f) The maturity profile of trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

29. CONTRACT LIABILITIES

| | Note | Group | | Company | |
|--------------------------------------|------|------------|------------|------------|------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Contract liabilities in relation to: | | | | | |
| Projects | 16 | - | 890,661 | - | - |
| Deferred income: | | | | | |
| - maintenance income | | 26,038,579 | 16,417,131 | 140,857 | 428,932 |
| | | 26,038,579 | 17,307,792 | 140,857 | 428,932 |

- (a) Contract liabilities are the obligations to transfer goods or services to customers for which the Group and the Company have received the consideration, the fair values at initial recognition, or has billed the customers. For projects, contract liabilities are excess of the progress billings to customers over the project costs incurred plus profit accrued. Deferred maintenance income and software licensing fees are billings have been made to the customers before the services are provided to the customers.
- (b) The amounts of RM16,417,131 (2022: RM16,664,542) of the Group and RM428,932 (2022: RM597,279) of the Company recognised in contract liabilities at the beginning of the financial year have been recognised as revenue for current financial year.

29. CONTRACT LIABILITIES (CONT'D.)

- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

| | Group | | Company | |
|--------------------|------------------|--------------------------|------------------|--------------------------|
| | Within 1 year RM | Between 1 and 4 years RM | Within 1 year RM | Between 1 and 4 years RM |
| 2023 | | | | |
| Maintenance income | 23,434,390 | 2,604,189 | 140,857 | - |
| 2022 | | | | |
| Projects | 890,661 | - | - | - |
| Maintenance income | 15,602,312 | 814,819 | 428,932 | - |
| | 16,492,973 | 814,819 | 428,932 | - |

30. AMOUNTS OWING TO FORMER RELATED COMPANIES

| | Group | | Company | |
|-----------|---------|-----------|---------|---------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Trade | - | 1,057,105 | - | - |
| Non-trade | - | 321,527 | - | 146,593 |
| | - | 1,378,632 | - | 146,593 |

- (a) Amounts owing to former related companies are classified as financial liabilities measured at amortised cost.
- (b) The trade amounts owing to former related companies are unsecured, interest-free and payable within twelve months in cash and cash equivalents. Credit terms of trade amounts owing to former related companies granted to the Group are 30 days (2022: 30 days) from date of invoice.
- (c) The non-trade amounts owing to former related companies mainly comprise of payments on behalf which are unsecured, interest-free and payable within twelve month in cash and cash equivalents.
- (d) All amounts owing to former related companies are denominated in RM.
- (e) The maturity profile of amounts owing to former related companies of the Group and the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable within one year.

31. CONTINGENT LIABILITIES

| | Company | |
|---|--------------|--------------|
| | 2023 RM | 2022 RM |
| Corporate guarantees given to banks for credit facilities granted to subsidiaries | | |
| - Limit of guarantee | 53,000,000 | 37,500,000 |
| - Amount utilised | (31,077,427) | (26,035,117) |

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Company recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Company assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the view that the chances of the bank to call upon the corporate guarantees are not probable. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for credit facilities are negligible.

32. CAPITAL COMMITMENTS

| | Group | |
|---|------------|------------|
| | 2023 RM | 2022 RM |
| Capital expenditure: | | |
| Approved and contracted for property, plant and equipment and investment properties | 24,000,100 | - |

33. REVENUE

| | Group | | Company | |
|---|-------------|-------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Revenue from contracts with customers: | | | | |
| Projects | 91,132,112 | 62,357,486 | - | 987,790 |
| Maintenance income | 42,273,022 | 41,502,078 | 1,892,660 | 1,486,619 |
| Sales of hardware equipment and software | 114,803,860 | 113,492,534 | - | - |
| Management fees | 239,521 | 958,080 | 5,367,120 | 4,246,080 |
| Software licensing fees | - | - | 100,000 | 250,000 |
| Integration charges | - | - | 500,016 | 480,536 |
| | 248,448,515 | 218,310,178 | 7,859,796 | 7,451,025 |
| Other revenue | | | | |
| Dividend income | 86,937 | 50,600 | 6,524,770 | 50,600 |
| | 248,535,452 | 218,360,778 | 14,384,566 | 7,501,625 |
| Timing of revenue recognition | | | | |
| Transferred over time | 133,405,134 | 103,859,564 | 1,992,660 | 2,724,409 |
| Transferred at a point in time | 115,043,381 | 114,450,614 | 5,867,136 | 4,726,616 |
| | 248,448,515 | 218,310,178 | 7,859,796 | 7,451,025 |

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

(a) Projects

Projects may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from projects is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group recognises revenue over time using an input method by reference to the labour hours expended relative to the total expected labour hours for satisfaction of that performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group.

33. REVENUE (CONT'D.)**(a) Projects (Cont'd.)**

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations. The Group also estimates total performance period in applying the input method to recognise revenue over time. In estimating total performance period to complete, the Group considers the completeness and accuracy of its performance period estimation, including performance period for contract variations.

(b) Maintenance income

Revenue from sale of maintenance and software support services rendered is recognised over time throughout the period of contracts using an input method. Income for the expired period is recognised in the profit or loss on accrual basis and income relating to the unexpired period is carried forward as deferred maintenance income.

(c) Sales of hardware equipment and software

Revenue from sales of hardware equipment and software is recognised at a point in time when the hardware and software has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

Some contracts include multiple deliverables, such as the installation of hardware and/or software. In most cases, the installation is simple, does not include an integration service and could be performed by another party. Therefore, it is accounted for as a separate performance obligation. The transaction price will be allocated to each performance obligation based on stand-alone selling prices. Where these are not directly observable, they are estimated based on cost plus expected margin. If contracts include the installation of hardware and software, the revenue for installation services are recognised at a point in time when the customer has accepted the installation of the hardware or software.

There is no significant financing component in the revenue arising from sales of hardware and software as the sales are made on the normal credit terms not exceeding twelve months.

(d) Management fees

Management fees are recognised at a point in time when management services is rendered and acceptance by customers.

(e) Software licensing fees

Revenue from sale of internally developed software licensing is recognised over the period of the contract when the customers activate or upon acceptance of delivery of the access code to customers. Such performance obligation is met over time as customer simultaneously receives and consumes benefits of services as and when the Company grants the right to access of the software license as well as keeps possession of the software.

(f) Integration charges

Revenue from sale of integration charges is recognised at a point in time when the services has been rendered to the customers and coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

(g) Dividend income

Dividend income is recognised when the right of the Group and the Company to receive payment is established.

34. FINANCE COSTS

| | Group | | Company | |
|---------------------------|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Interest expense on: | | | | |
| - trust receipt | 930,266 | 930,348 | - | - |
| - lease liabilities | 543,976 | 592,435 | 356,159 | 413,730 |
| - bank overdraft | 180,774 | 193,549 | - | - |
| - unwinding of interest | 25,536 | - | 25,536 | - |
| | 1,680,552 | 1,716,332 | 381,695 | 413,730 |
| Included in cost of sales | - | (261,910) | - | - |
| | 1,680,552 | 1,454,422 | 381,695 | 413,730 |

35. TAXATION

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Current tax expense based on profit for the financial year | 2,992,967 | 4,601,399 | - | - |
| Under/(Over) provision in prior years | 333,535 | 121,704 | 301,203 | (98,391) |
| | 3,326,502 | 4,723,103 | 301,203 | (98,391) |
| Deferred tax (Note 12) | | | | |
| Relating to origination on and reversal of temporary differences | 2,357,390 | 4,728,289 | - | - |
| Under/(Over) provision in prior years | 206,200 | (679,402) | - | - |
| | 2,563,590 | 4,048,887 | - | - |
| | 5,890,092 | 8,771,990 | 301,203 | (98,391) |

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

31 March 2023

35. TAXATION (CONT'D.)

- (b) Numerical reconciliation between the taxation and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|-------------|-------------|-------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | 7,661,644 | 8,215,437 | 140,754 | (899,526) |
| Tax effects in respect of: | | | | |
| Non-deductible expenses | 5,651,548 | 7,862,031 | 2,566,085 | 1,548,339 |
| Income not subject to tax | (5,972,329) | (3,399,224) | (2,500,791) | (338,539) |
| Deferred tax assets not recognised during the year | 2,723 | 189,499 | - | - |
| Utilisation of deferred tax assets previously not recognised | (1,993,229) | (3,538,055) | (206,048) | (310,274) |
| | 5,350,357 | 9,329,688 | - | - |
| Under/(Over) provision of tax in prior years: | | | | |
| Income tax | 333,535 | 121,704 | 301,203 | (98,391) |
| Deferred tax | 206,200 | (679,402) | - | - |
| | 539,735 | (557,698) | 301,203 | (98,391) |
| | 5,890,092 | 8,771,990 | 301,203 | (98,391) |

- (c) Tax on each component of other comprehensive income is as follows:

| | Group | | |
|--|------------------|------------------|-----------------|
| | Before tax RM | Tax effect RM | After tax RM |
| Items that may be reclassified subsequently to profit or loss | | | |
| 2023 | | | |
| Foreign currency translations | (249,435) | - | (249,435) |
| 2022 | | | |
| Foreign currency translations | 681 | - | 681 |

36. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the profit attributable for the financial year to equity holders of the parent for the year by the weighted average number of ordinary shares in issued during the financial year.

| | Group | |
|--|---------------|-------------|
| | 2023 | 2022 |
| Profit attributable to equity holders of the parent (RM) | 25,858,677 | 25,469,946 |
| Weighted average number of ordinary shares in issue (unit) | 1,069,398,488 | 696,338,023 |
| Basic earnings per ordinary share (sen) | 2.42 | 3.66 |

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is equal to basic earnings per ordinary share as there were no potential dilutive ordinary shares as at the end of the reporting period.

37. PROVISION FOR GRATUITY OBLIGATIONS

(a) The Group operates an unfunded defined Retirement Benefit Scheme ("the Scheme") for the eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits calculated by reference to their length of service and earnings.

(b) The amount recognised in the statements of financial position is as follows:

| | Group | |
|---|------------|------------|
| | 2023 RM | 2022 RM |
| Present value of unfunded defined benefit obligations | - | 2,067,883 |
| Analysed as follows: | | |
| Current liabilities | - | 238,931 |
| Non-current liabilities | | |
| - more than 1 year and less than 2 years | - | 280,287 |
| - more than 2 years and less than 3 years | - | 234,509 |
| - more than 3 years and less than 4 years | - | 407,263 |
| - more than 4 years and less than 5 years | - | 129,768 |
| - more than 5 years | - | 777,125 |
| | - | 1,828,952 |
| | - | 2,067,883 |

37. PROVISION FOR GRATUITY OBLIGATIONS (CONT'D.)

- (c) Movements during the financial year in the amount recognised in the statements of financial position in respect of the Scheme are as follows:

| | Group | |
|---|-------------|------------|
| | 2023 RM | 2022 RM |
| Balance as at 1 April 2022/2021 | 2,067,883 | 2,135,025 |
| Current service cost recognised in profit or loss | 1,403,351 | (67,142) |
| Payment made via issuance of shares | (3,471,234) | - |
| Balance as at 31 March 2023/2022 | - | 2,067,883 |

- (d) The key assumptions used in the computation of the provision are as follows:

| | Group | |
|-----------------------------------|-------|-----------------|
| | 2023 | 2022 |
| Discount rate | - | 3.71% |
| Salary increase rate | - | 3.24% |
| Annual voluntary resignation rate | - | 41.70% - 60.00% |
| Mortality rate | - | 0.0003 - 0.0119 |
| Normal retirement age | - | 60 years |

- (e) Significant assumptions for the determination of the present value of the gratuity obligations are discount rate, salary increase rate and annual voluntary resignation rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, assuming that all other assumptions remain constant.

| | Group | |
|-------------------------------------|------------|------------|
| | 2023 RM | 2022 RM |
| Effects of 100bp changes in: | | |
| - discount rate | - | ±114,356 |
| - salary increase rate | - | ±128,007 |
| - annual voluntary resignation rate | - | ±38,980 |

Sensitivity analysis may not be representative of the actual change in the gratuity obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

38. DIVIDENDS

| | Group and Company | |
|----------------------------------|------------------------|-----------------------|
| | 2023 | |
| | Dividend per share sen | Amount of dividend RM |
| First interim cash dividend paid | 0.50 | 5,344,050 |

39. EMPLOYEE BENEFITS

Total employee benefits recognised in profit or loss are as follows:

| | Group | | Company | |
|--|------------|------------|-----------|-----------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Salaries, wages, bonuses and allowances | 18,501,695 | 13,568,575 | 5,078,563 | 2,318,885 |
| Defined contribution plan | 2,242,387 | 1,620,796 | 577,545 | 269,141 |
| Share options granted under Employee Share Grant Plan: | | | | |
| - Directors | 126,694 | 908,340 | - | 40,560 |
| - Other employees | 765,321 | 2,035,290 | 87,217 | 171,353 |
| Provision/(Reversal) for gratuity obligations | 1,403,351 | (67,142) | - | - |
| Other employee benefits | 2,928,046 | 2,151,540 | 386,360 | 885,979 |
| | 25,967,494 | 20,217,399 | 6,129,685 | 3,685,918 |

Remuneration of Directors and other key management personnel during the financial year are as follows:

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Directors' fees | 872,686 | 776,406 | 73,613 | 47,196 |
| Salaries and other short term employee benefits: | | | | |
| - Directors | 1,176,395 | 1,312,110 | 650,360 | 207,528 |
| - Other key management personnel | 3,344,709 | 3,743,098 | 1,833,184 | 2,121,004 |
| | 4,521,104 | 5,055,208 | 2,483,544 | 2,328,532 |

Estimated monetary value of benefits-in-kind provided to the Directors and key management personnel of both the Group and the Company are RM125,663 and RM9,275 respectively (2022: RM71,250 and RM21,250).

40. LONG-TERM INCENTIVE PLAN ("LTIP")

At an Extraordinary General Meeting held on 17 October 2014, the Directors were authorised to proceed with the establishment and administration of the Long Term Incentive Plan ("LTIP" or "Scheme"), which comprises an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Plan ("ESGP") and is administered by the LTIP Committee which is appointed by the Board of Directors, in accordance with the By-Laws of the LTIP. The LTIP should be in force for a period of 5 years from 27 October 2014, unless extended further.

On 11 October 2019, in pursuant to the By-Laws 26.3 of the Company's LTIP By-Laws and upon the recommendation by the LTIP Committee, the Board of Directors resolved to extend its existing LTIP for a period of five (5) years commencing from 27 October 2019 on the same terms and conditions as stipulated in the said By-Laws.

The main features of the LTIP are as follows:

- (a) Eligible Directors and employees are those who are confirmed employees of the Company and/or its eligible subsidiaries and has attained the age of 18 years before the date of offer;
- (b) The maximum number of options to be issued under the LTIP should not exceed in aggregate 20% of the issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the LTIP. In addition, any individual Director or employee's maximum entitlement should not exceed 10% of the ordinary shares of the Company;
- (c) Options granted may be exercised at any time within the option period of 18 months or 3 years from the date of offer;
- (d) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date: while in the case of the ESOS, the option price of a new ordinary share should be the 5-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer or at RM0.10, whichever is higher; and
- (e) Options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The options over the ordinary shares of the Company under ESOS was lapsed in financial year ended 31 March 2020.

During the current financial year, the Company awarded 4,998,700 new ordinary shares under ESGP to eligible employees of the Company.

41. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its subsidiaries, former ultimate and former immediate holding companies and their subsidiaries.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Group | |
|---|------------|------------|
| | 2023 RM | 2022 RM |
| Former ultimate holding company | | |
| Management fee income | 239,520 | 958,080 |
| Sales | 26,532,178 | 34,398,449 |
| Purchases | 316,447 | 5,072 |
| Management fee expense | 416,100 | 1,216,800 |
| Interest income | 13,321 | - |
| Former immediate holding company | | |
| Office rental expense | 36,720 | 48,960 |
| Related parties | | |
| Sales | 1,237,133 | 4,530,672 |
| Purchases of goods & services | 3,205,061 | 1,773,041 |
| Office rental expense | 806,020 | 551,640 |
| Secretarial fee | 295,291 | 299,342 |
| HR Services | 278,070 | 250,510 |
| Equipment rental expense | - | 27,900 |
| Interest income | 47,713 | - |

41. RELATED PARTY DISCLOSURES (CONT'D.)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (Cont'd.)

| | Company | |
|---|------------|------------|
| | 2023 RM | 2022 RM |
| Former ultimate holding company | | |
| Management fee income | 239,520 | 958,080 |
| Management fee expense | 416,100 | 1,216,800 |
| Purchases | 13,526 | 1,829 |
| Interest income | 13,321 | - |
| Former immediate holding company | | |
| Office rental expense | 36,720 | 48,960 |
| Subsidiaries | | |
| Management fee income | 5,127,600 | 3,288,000 |
| Maintenance income | 1,992,660 | 1,345,209 |
| Integration income | 500,016 | 480,536 |
| Software licensing fee expense | 19,429 | 15,132 |
| Integration charges | 1,500 | 460,919 |
| Dividend income | 6,437,833 | - |
| Interest income | 10,650 | - |
| Related parties | | |
| Purchases of goods & services | - | 905,247 |
| Office rental expense | 701,620 | 421,140 |
| HR Services | 32,880 | 26,800 |
| Secretarial fee expense | 228,615 | 243,524 |
| Interest income | 47,713 | - |

Related parties transactions described above were carried out on terms and conditions mutually agreed with the respective related parties.

- (c) Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

The remuneration of the Directors and other members of key management are disclosed in the Note 39 to the financial statements.

42. CAPITAL AND FINANCIAL RISK MANAGEMENT

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as a going concern whilst maximising return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2023 and 31 March 2022.

(a) Capital management

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The gearing ratios as at 31 March 2023 and 31 March 2022 are as follows:

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Total borrowings (Note 24) | 28,004,653 | 27,914,436 | – | – |
| Total equity attributable to owners of the parent | 226,109,122 | 201,256,311 | 114,645,116 | 115,340,645 |
| Gearing ratio | 12.39% | 13.87% | – | – |

Pursuant to the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up share capital of the Group. The Group has complied with this requirement for the financial year ended 31 March 2023.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, interest rate risk, credit risk and market risk. Information on the management of the related exposures is detailed below.

42. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D.)**(b) Financial risk management (Cont'd.)****(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rate.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 14, 15, 21, 26 and 28 to the financial statements respectively.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 11, 17, 18, 19, 20, 24, 26, 27, 28 and 30 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposit and borrowings of the Group are not exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge its risk. The Group borrows in the desired currencies at both fixed and floating rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 11, 21 and 24 to the financial statements respectively.

42. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Financial risk management (Cont'd.)

(iv) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month to three (3) months.

The credit risk profiles have been disclosed in Note 14(k) to the financial statements.

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted income funds and quoted shares held by the Group. These instruments are classified as financial assets designated at fair value through profit or loss.

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 30 May 2023, the Company had acquired 100% of the chartered and contributed capital of Microlink Solutions Vietnam Company Limited (formerly known as Omesti Vietnam Company Limited), a company incorporated in Vietnam that is engaged in consulting services, software implementation services, data processing services, database services and maintenance services.

44. ADOPTION OF NEW MFRSS AND AMENDMENT TO MFRSSs

44.1 New MFRSSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

| Title | Effective Date |
|--|----------------|
| Annual Improvements to MFRS Standards 2018 – 2020 | 1 January 2022 |
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a contract</i> | 1 January 2022 |

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

44.2 New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

| Title | Effective Date |
|---|----------------|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.



MICROLINK SOLUTIONS BERHAD
[Registration No. 200301018362 (620782-P)]

Ho Hup Tower – Aurora Place, 2-08-01 – Level 8,
Plaza Bukit Jalil,
No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000
Kuala Lumpur.



+603 9779 1700



+603 9779 1702



www.microlink.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0126
COMPANY NAME : MICROLINK SOLUTIONS BERHAD
FINANCIAL YEAR : March 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors of Microlink Solutions Berhad (MSB and/or the Company) (Board) recognises its responsibilities in leading, monitoring and governing the entire performance of the Company. There is a clear separation of responsibilities between the Board and the Management. Except for matters reserved for shareholders, the Board is ultimate decision-maker of the Company and is responsible for the oversight of Management's performance.</p> <p>The Board has overall responsibility for corporate governance, strategic direction of and retains full and effective control over the Company of, amongst others, the following responsibilities:</p> <ul style="list-style-type: none">• Oversee the conduct of the Company's business and to evaluate whether the business is being properly managed;• Board will direct and supervise the Management in the business and affairs of the Company;• Identify principal risks and ensure the implementation of appropriate systems to manage these risks;• Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;• Establish an internal audit function;• Ensure succession planning, including appointing, training, fixing the compensation of and where appropriate replacing senior management; and• Delegating powers to committees consisting of such members of their body as they think fit, any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board. <p>The Board's other primary duties are to conduct regular reviews of the Group's business operations and performance and to ensure that</p> |

| | | |
|--|--|--|
| | <p>effective controls and systems exist to measure and manage the principal risks.</p> <p>The Board has delegated some of its responsibilities to the Board Committees, namely Executive Committee (EXCO), Audit and Risk Management Committee (ARMC), Nominating Committee (NC), Remuneration Committee (RC) and Long-Term Incentive Plan Committee (LTIP). The roles and responsibilities of the Board Committees which had been delegated by the Board are set out in respective Board Committees' Terms of Reference (TOR).</p> <p>On 3 April 2023, the Board approved the merging of NC, RC and LTIP into a single committee known as "Nominating, Remuneration and Long-Term Incentive Plan Committee" with effect from 3 April 2023.</p> <p>The Board recognises the importance of attracting and retaining key management personnel and as such has made concerted efforts to identify and groom middle management in all key areas as an integral part of the management succession plan. The plan also includes offering a competitive remuneration package and providing training and career development opportunities for employees in all key functions of the Group operations.</p> <p>The duties and responsibilities of the Board have been clearly specified in the Board Charter, which is available on the Company's website at www.microlink.com.my.</p> | |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Chairman of MSB, Tun Arifin bin Zakaria, is an Independent Non-Executive Chairman who provides leadership and guidance to the Board and is responsible for ensuring effectiveness of the Board's performance. The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available in the Company's website at www.microlink.com.my.</p> <p>The Chairman presides over meetings of Directors and provide leadership to the Board in the effective discharge of its fiduciary duties. He is also responsible in ensuring that proper and good corporate governance is undertaken by the Company and the Group and comply with all relevant regulations and legislation.</p> <p>The Chairman is also responsible in ensuring the Board's full control of the Company's affair and to discuss all relevant issues at meetings.</p> <p>In addition, the Chairman must ensure that all Directors, more particularly the Non-Executive Directors receives timely relevant information on financial and non-financial matters to enable them to participate actively in Board decisions and ensuring that the Executive Directors looks beyond their executive duties and accept their full share of responsibilities of governance.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The positions of the Independent Non-Executive Chairman and the Group Chief Executive Officer (Group CEO) are held by two (2) individuals. The Independent Non-Executive Chairman, Tun Arifin bin Zakaria leads and manages the Board by focusing on strategy, governance and compliance. Currently, the Group CEO, Mr Ramlee bin Abdullah liaises with the Executive Directors, Dato' Sri Chee Hong Leong and Mr Monteiro Gerard Clair, in managing the business and operations of the Group and implements the Board's decision.</p> <p>The roles of Chairman, Executive Directors and the Group CEO are separate and their roles and responsibilities are provided in the Board Charter, which is available on the Company's website at www.microlink.com.my.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

| | | |
|--|---|---|
| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | | |
| Application | : | Applied |
| Explanation on application of the practice | : | As at 31 March 2023, MSB is in compliance with Practice 1.4 of the Malaysian Code on Corporate Governance (MCCG) whereby the Chairman of the Board, Tun Arifin bin Zakaria is not a member of the ARMC, NC and RC of the Company. |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company Secretary plays an advisory role to the Board on matters pertaining to compliance of procedures, rules and regulatory requirements. The Directors have access to independent professional advice whenever such services are needed to assist them in carrying out their duties, at the Company’s expense.</p> <p>The Company Secretary of MSB is qualified to act as company secretary pursuant to Section 235(2) of the Companies Act 2016. She is an Associate member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The roles and responsibilities of the Company Secretary are provided in the Board Charter.</p> <p>The Company Secretary keep herself abreast of the evolving statutory and regulatory requirements through continuous training.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The annual meeting calendar is prepared and circulated to the Board in advance. The meeting calendar include scheduled dates for Board, Board Committee and Annual General meeting, as well as the closed periods for dealings in securities by Board members based on the targeted dates of announcements of the Group's quarterly results.</p> <p>Notice of Board meetings are sent to the Board and the Management via email at least seven (7) working days prior to the meeting. The Company Secretary ensures that the meeting papers are circulated via email to the Board Members as soon as practicable upon receipt the meeting papers from the Management, internal and external auditors. This is to ensure that the Board have sufficient preparation time and information to make an informed decision at each meeting.</p> <p>The deliberations and decisions at Board and Board Committee meetings are recorded in the minutes, including matters where Directors abstained from voting and deliberation.</p> <p>The draft minutes would be circulated to the Management, Board and Board Committees' members for review and comments, and the Minutes would be confirmed and signed by the respective Chairmen at the next Board and Board Committee Meetings. The signed minutes are properly filed in the Minutes Books of the Company.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter serves as a prime reference for the Board members of their fiduciary duties as directors of the Company. It provides guidance and clarity regarding the roles and responsibilities of the Board and Board Committees, the requirements of Directors in carrying out their roles and discharging their duties towards the Company as well as the Board's operating practices.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is available for reference at the Company's website at www.microlink.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board had formulated and adopted a code of ethics and conduct symbiotically with the Corporate Values of the Company of <i>Caring, Creative and Competent</i>.</p> <p>By living the Corporate Values of the Company through the Code of Ethics and Conduct, the Company creates a culture in which people act as a team, working together toward common goals of the Company.</p> <p>The Code of Ethics and Conduct is applicable to all Directors and employees (including full time, probationary, contract, part time and temporary staff) of the Group.</p> <p>The Code of Ethics and Conduct is available for reference at the Company's website at www.microlink.com.my.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>In line with good governance and with the introduction of the Whistleblower Protection Act 2010, a Whistleblowing Policy has been adopted by the Company which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner without fear of retaliation.</p> <p>The Whistleblowing Policy provides guidelines for the reporting and the investigation of any wrongdoings. Such misconducts may be reported in writing directly to a dedicated e-mail addresses, namely, ChairmanARMC@microlink.com and/or ChairmanBOD@microlink.com</p> <p>The Whistleblowing Policy is available for reference at the Company's website at www.microlink.com.my. The Board together with the Management reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>MSB Group aspires to ensure sustainability for all areas of its business activities and the integration of sustainability into all our operations is a continuous process.</p> <p>Our three sustainability guiding principles are Environment, Social, Economic:</p> <p><u>Environment</u></p> <ul style="list-style-type: none">• Energy & Resource Utilisation• Procurement & Supply Chain Management <p><u>Social</u></p> <ul style="list-style-type: none">• Talent Attraction & Retention• Employee Health & Wellbeing• Diversity & Inclusion• Community Investment <p><u>Economic</u></p> <ul style="list-style-type: none">• Ethical Conduct• Legal & Regulatory Compliance• Product Development & Innovation• Brand & Reputation• Client Satisfaction & Engagement <p>The Sustainability Policy is available for reference at the Company's website at www.microlink.com.my.</p> |
| Explanation for departure | : | |

| | | |
|--|---|--|
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

| | | | |
|---|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Company’s Sustainability Statement is incorporated in the Volume 1 of the Company’s Annual Report 2023, published on the Company’s website at www.microlink.com.my . | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Board are encouraged to attend continuous training, including on the sustainability issues relevant to the Company and its business. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The performance evaluation of the Board and senior management relating to Environmental, Social and Governance (ESG) in addressing the Group's material sustainability risks and opportunities was evaluated through the annual Board's effectiveness evaluation for the financial year ended 31 March 2023. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The NC conducts an annual review of the composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies and adequacy of balance between Executive Director, Non-Executive Directors and Independent Non-Executive Directors. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>As at 31 March 2023, the Board of MSB comprises ten (10) members:</p> <ul style="list-style-type: none">• 7 Independent Non-Executive Directors (INEDs)• 2 Non-Independent Non-Executive Directors• 1 Executive Director <p>The seven (7) INEDs made up half of the total number of the Board members.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

| | | | |
|---|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Mr Tai Keat Chai was appointed as an INED of MSB on 28 August 2013 and has exceeded a cumulative term of more than nine (9) years. The shareholders of MSB at its 19 th AGM held on 2 September 2022 had approved the continuation of Mr Tai Keat Chai in office as INED of MSB through a two-tier voting process. | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

| | |
|--|---|
| <i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : The tenure of Independent Directors has clearly specified in the Board Charter, which is available on the Company's website at www.microlink.com.my . |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the importance of diversity in terms of skills, experience and competence, age, gender, cultural background and ethnicity, integrity and recognises the benefits of diversity at leadership and employee level.</p> <p>The NC is responsible for the assessment of existing Directors or candidates for nomination or appointment or re-election as a Director of the Group and making necessary recommendations whilst the Board is primarily responsible to ensure that all Directors fulfil fit and proper criteria and conducting assessments of the fitness and propriety of all Directors.</p> <p>In this respect, the role of the NC and the Board are detailed in its TOR and Board of Directors' Fit and Proper Policy which are accessible for reference on the Company's website, www.microlink.com.my.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>In searching for suitable candidates, the NC may receive suggestions from existing Board Members, Management, and major shareholders. The NC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>The NC will ensure that the recommended candidates are suitable and of sufficient calibre before recommending their appointment to the Board.</p> <p>During the FYE 31 March 2023, Dato' Ahmad Najmi bin Abdul Razak and Noor Zaliza Yati binti Yahya were appointed as Non-Independent Non-Executive Director and INED respectively on 20 December 2022 and Wan Mai Gan was appointed as an INED on 18 July 2022 upon assessment and recommendation by the NC on 14 December 2022 and 12 July 2022 respectively.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC carried out an annual evaluation and assessment on each Director, including the Directors subject to retirement by rotation at the 19th AGM and their re-election was noted and supported by the Board.</p> <p>The details of their interest, position or any relationship that might influence, or reasonably be perceived to influence, in a material respect of their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company as a whole are disclosed in various parts of the Annual Report.</p> <p>The profiles of Directors are published in the Annual Report and on the Company website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interests as well as their shareholdings in the Company, if any.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |
| | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board of MSB had on 3 April 2023 approved the merging of NC, RC and LTIPC into a single committee known as “Nominating, Remuneration and Long-Term Incentive Plan Committee” (NRLTIPC) with effect from 3 April 2023.</p> <p>The TOR of the NRLTIPC specifies that the Chairman must be an Independent Director or Senior Independent Director. The present Chairman of NRLTIPC is Martin Chu Leong Meng, an Independent Non-Executive Director of MSB.</p> <p>The TOR of the NRLTIPC is available for reference at the Company’s website at www.microlink.com.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently, the Board comprises two (2) women directors, namely Ms Wan Mai Gan and Puan Noor Zaliza Yati binti Yahya, representing 20% of the total Board members. | |
| | | The Board is putting its effort in getting suitable women director who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

| | | | |
|---|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board acknowledges the vital need for diversity to ensure good governance practice and to enhance the efficient functioning of the Board. The Board believes the appointment of new members is guided by the skills, experience, competency and knowledge of the individual candidate(s). Any potential Board candidate will be assessed, wherever reasonably possible, in line with the Board Diversity Policy of the Company.</p> <p>During the FYE 31 March 2023, there are two (2) women directors on the Board.</p> | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

| | |
|--|--|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | <p>Based on the annual review carried out through the Directors/Key Officers Evaluation Form, Board and Board Committees Evaluation Forms, Individual Directors Self-Assessment and Independent Director Self-Assessment Checklist undertaken internally with the assistance of the Company Secretary, the NC is satisfied that:</p> <ul style="list-style-type: none">• the Board Committees have carried out their functions in accordance with their respective TOR and overall, the members of the committees have attended to their responsibilities effectively• the size and composition of the Board was optimum with a good balance of Executive Directors and Independent Non-Executive Directors• the current Board has the right mix of skills and experience which are relevant for the Board to carry out its responsibilities in an effective and competent manner as well as independently and objectively in the interest of the investors and shareholders of the Company• the Directors understand their roles, powers, duties and responsibilities and the activities carried out by the Company• the Independent Directors are independent <p>The results and recommendations from the evaluation of the Board and Board Committees were reported to the Board for full consideration and action. The Board noted and satisfied with the outcome of evaluation.</p> |
| Explanation for departure | : |

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to lead the Group successfully.</p> <p>The remuneration of the ED is structured so as to link rewards to corporate and individual performance. In the case of the Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.</p> <p>The RC reviews and recommends to the Board the remuneration package of the ED. It is the responsibility of the entire Board to approve the remuneration of Non-Executive Directors who abstain from deliberation and decision making in respect of their individual remuneration. The Executive and Non-Executive Directors play no part in decisions on their own remuneration.</p> <p>When determining the structure of ED's remuneration, the RC takes into account the following criteria:</p> <ul style="list-style-type: none">• individual performance• skills and knowledge• involvement in the Group's affairs• achievement of Group's internal targets• performance and profitability of the Group <p>The RC also considers other factors such as time commitment, duties and responsibilities.</p> <p>The Directors' Fees and benefits (comprising mainly Meeting Attendance Allowance) have been reviewed by the RC and the Board as</p> |

| | | |
|---|---|--|
| | <p>a whole recommend the Directors' Fees and benefits for the Non-Executive Directors with the individual directors concerned abstaining from deliberation for approval of the shareholders at the forthcoming Annual General Meeting.</p> <p>The Director Remuneration Policy is available for reference at the Company's website at www.microlink.com.my.</p> | |
| Explanation for departure | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>As at 31 March 2023, the RC consists of three (3) members entirely of Non-Executive Directors with a majority of them being Independent Directors.</p> <p>The Board of MSB had on 3 April 2023 approved the merging of NC, RC and LTIPC into a single committee known as NRLTIPC with effect from 3 April 2023.</p> <p>The duties and responsibilities of the NRLTIPC are clearly specified in the TOR of NRLTIPC, which is available on the Company's website at www.microlink.com.my.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |
| | | |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The detailed disclosure on named basis for the remuneration of individual directors, including fees, salary, bonus, benefits in-kind and other emoluments is in the table below. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|--|----------------|-----------|--------|-------|------------------|------------------|-------|--------------|-----------|--------|-------|------------------|------------------|-------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Tun Arifin bin Zakaria | Independent Director | 191 | - | - | - | 21 | 7 | 219 | 191 | - | - | - | 21 | 7 | 219 |
| 2 | Tan Sri Jaganath Derek Steven Sabapathy | Non-Executive Non-Independent Director | 129 | - | - | - | - | 11 | 140 | 129 | - | - | - | - | 11 | 140 |
| 3 | Dato' Sri Chee Hong Leong | Independent Director | 63 | - | - | - | - | 16 | 79 | 63 | - | - | - | 25 | 16 | 104 |
| 4 | Monteiro Gerard Clair | Executive Director | - | - | 541 | 127 | 79 | 87 | 834 | - | - | 541 | 127 | 79 | 87 | 834 |
| 5 | Dato' Ahmad Najmi bin Abdul Razak | Non-Executive Non-Independent Director | 17 | - | - | - | - | 1 | 18 | 17 | - | - | - | - | 1 | 18 |
| 6 | Tai Keat Chai | Independent Director | 85 | - | - | - | - | 15 | 100 | 85 | - | - | - | - | 15 | 100 |
| 7 | Martin Chu Leong Meng | Independent Director | 74 | - | - | - | - | 19 | 93 | 74 | - | - | - | - | 19 | 93 |
| 8 | Wan Mai Gan | Independent Director | 51 | - | - | - | - | 11 | 62 | 51 | - | - | - | - | 11 | 62 |
| 9 | Noor Zaliza Yati binti Yahya | Independent Director | 17 | - | - | - | - | 1 | 18 | 17 | - | - | - | - | 1 | 18 |
| 10 | Mah Xian-Zhen | Non-Executive Non-Independent Director | 22 | - | - | - | - | 7 | 29 | 22 | - | - | - | - | 7 | 29 |
| 11 | Dato' Seri Mohd Khairi bin Dato' Mat Jahya | Non-Executive Non-Independent Director | 44 | - | - | - | - | 3 | 47 | 44 | - | - | - | - | 3 | 47 |

| | | | | | | | | | | | | | | | | |
|----|--|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 12 | Tan Sri Datuk Seri (Dr) Mazlan bin Lazim | Independent Director | 62 | - | - | - | - | 9 | 71 | 62 | - | - | - | - | 9 | 71 |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board is of the view that the disclosure on a named basis for the remuneration of top five (5) senior management personnel is not in the best interest of the Group given the competitive human resource environment for personnel with requisite knowledge, expertise and experience in the Company's business activities, where poaching by recruitment service provider has become common now.</p> <p>The Board believes that the non-disclosure of remuneration of top 5 senior management personnel who are not Directors of the Company will not prejudice the interest of its shareholders.</p> <p>The profiles of Key Senior Management are set out on pages 27 to 29 of Volume 1 of the Annual Report 2023.</p> <p>The Board will ensure that the remuneration of the senior management of the Company and the Group commensurate with their level of duties and responsibilities.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

| No | Name | Position | Company | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 2 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 3 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 4 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 5 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

| No | Name | Position | Company ('000) | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 2 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 3 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 4 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 5 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The positions of the Chairman of the Board and ARMC are held by separate individuals. The Chairman of the ARMC is Mr Tai Keat Chai, an Independent Non-Executive Director. He is not the Chairman of the Board. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>None of the members of ARMC were former key audit partners of any external audit firms within the cooling off period of at least three (3) years before appointed as a member of ARMC.</p> <p>The TOR of ARMC is available for reference at the Company’s website at www.microlink.com.my.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

| | | | |
|---|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board, through the ARMC has maintained an appropriate, formal and transparent relationship with the external auditors and has adopted an External Auditors Independence Policy which is also available on the Company’s website at www.microlink.com.my.</p> <p>In May 2022, the ARMC:</p> <p>(i) reviewed and assessed the performance and independence of the External Auditors, Messrs BDO PLT (BDO) in accordance with the Policy of the Company;</p> <p>(ii) noted the non-audit services provided by BDO; and</p> <p>(iii) considered its suitability for re-appointment as external auditors of the MSB Group for the next financial year end.</p> | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |
| | | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | As at 31 March 2023, the ARMC comprises three (3) members, all of whom are INEDs. The current composition of the ARMC is as set out on page 19 of Volume 1 of the Annual Report 2023. |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The members of ARMC possesses a wide range of necessary skills and expertise in relevant accounting, financial service industry and legal to discharge their duties and provide an effective level of challenge to the Management.</p> <p>The Chairman for ARMC, Mr Tai Keat Chai is a qualified accountant and a member of the Malaysian Institute of Accountant (MIA) thus fulfilling the requirements under Rule 15.09(1)(c)(i) of the Listing Requirements which requires at least one (1) of the Audit Committee members to be a member of MIA.</p> <p>Based on the outcome of the performance assessment on the ARMC, both the NC and the Board are satisfied with the performance of the ARMC.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Risk Management is regarded as an important aspect of the Group's operation. The Management has an on-going process for identifying, evaluating and managing principal risks.</p> <p>As for Internal Control framework, the Management has in place the necessary framework and our outsourced Internal Auditor provides the necessary assurance on the adequacy and effectiveness of the framework.</p> <p>The Statement on Risk Management & Internal Control (SORMIC) which has been reviewed by the external auditors as set out in pages 43 to 45 of Volume 1 of the Annual Report 2023 and it provides an overview of the state of risk management and internal control within MSB Group as governed by the Risk Management Framework.</p> <p>The risk management and internal control framework and policies are overseen by the ARMC.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>There is an on-going assessment and enhancement on the enterprise risk management framework.</p> <p>The risk management and internal control framework and policies are overseen by the ARMC.</p> <p>The Company has outsourced its internal audit function to Quadrant Biz Solutions Sdn Bhd (QBS). QBS reports directly to the ARMC at least four times a year on the adequacy and effectiveness of the internal control framework.</p> <p>Further details are contained in the SORMIC in the Company's Annual Report 2023.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The risk management framework and policies are overseen by the ARMC. |

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>QBS performed its functions with impartiality, proficiency and due professional care. Both ARMC & IA undertake regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.</p> <p>The internal audit reports are presented to the ARMC for review and deliberation. The ARMC is briefed on the progress made in respect of each recommendation, and of each corrective measure taken as recommended by the audit findings. The Internal Auditors report directly to the ARMC to ensure independence.</p> <p>QBS reports directly to the ARMC at least four times? a year on the adequacy and effectiveness of the internal control framework.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The ARMC is supported by the Internal Audit team, which has been outsourced to QBS. The person responsible for the internal audit during the FYE 31 March 2023 was Ms Chew Bee Suan, an Associate Member of The Institute of Internal Auditors Malaysia and a Certified Internal Auditor. She is also a Fellow of the Association of Chartered Certified Accountants (ACCA) and holds a BA (Hons) in Accounting & Finance from Middlesex University, London. She has more than 10 years' experience in the field of internal audit.</p> <p>The Internal Auditors are free from any relationships or conflict of interest or undue influence of others to override professional and business judgment, which could impair their objectivity and independence. The independence of the Internal Audit function is derived from its direct reporting and unencumbered access to the ARMC. The Internal Auditors have adequate resources to carry out their audit activities.</p> <p>The internal audit functions is guided by the International Professional Practices Framework, issued by IIA Inc.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Through extensive disclosures of appropriate and relevant information, the Company aims to effectively provide shareholders and investors with information to fulfil transparency and accountability. In this respect, the Company keeps shareholders informed via announcements and timely release of quarterly financial reports, press releases, annual reports and circulars to shareholders.</p> <p>The Annual General Meeting (AGM) is the main forum of dialogue with shareholders as it provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance.</p> <p>Shareholders and members of the public may also obtain information on the Group's operations and activities, as well as press releases, announcements and financial information, etc. from the corporate website at www.microlink.com.my.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

| | | | |
|--|---|--------------------------------------|--|
| Application | : | Not applicable – Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company Secretary, by the order of the Board served a notice of AGM to all shareholders of the Company at least 28 days prior to its AGM to provide shareholder sufficient time to consider the proposed resolutions.</p> <p>The last 19th AGM was held on 2 September 2022 and the Notice convening the 19th AGM was sent to the shareholders on 29 July 2022 which was more than 28 days ahead of the 19th AGM.</p> <p>The forthcoming 20th AGM of the Company will be convened on 4 September 2023. The Notice of 20th AGM will be sent to the shareholders on 28 July 2023 which is more than 28 days prior to the 20th AGM.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

| | | | |
|---|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>All Directors participated the 19th AGM of the Company held on 2 September 2022 via live streaming from the broadcast venue.</p> <p>During the 19th AGM, the Chairman also invited shareholders to raise any questions pertaining to the Company’s financial statements and other agenda items (in the form of real-time submission of typed texts), before putting the resolutions to vote.</p> <p>The Directors including Chairman of the Board Committees and senior management present at the 19th AGM had responded to the queries raised by the shareholders. External Auditors of the Company, BDO PLT and Advisors were also present at the 19th AGM to answer shareholders’ queries, if any.</p> | |
| Explanation for departure | : | | |
| | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 19th AGM of the Company held on 2 September 2022 was conducted as a virtual meeting via live streaming broadcast using the Remote Participation and Electronic Voting (RPEV) facilities.</p> <p>Red Ape Solutions Sdn Bhd was appointed to act as the Poll Administrator and Quantegic Services Sdn Bhd was appointed to act as the Independent Scrutineer to verify the results of the poll voting of the 19th AGM.</p> <p>The Chairman announced the poll voting results after the same has been verified by the appointed Independent Scrutineer to the shareholders in the meeting at the end of the voting process. Poll results were announced to Bursa Malaysia Securities Berhad on the same day.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

| | | |
|--|---|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | | |
| Application | : | Applied |
| Explanation on application of the practice | : | At the 19 th AGM held on 2 September 2022, the shareholders were given opportunities to pose any questions pertaining to the Company's financial and non-financial matters as well as long term strategies of the Group in the form of real-time submission of typed texts via the online platform. |
| Explanation for departure | : | |
| | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 19th AGM was successfully conducted as a virtual meeting via live streaming broadcast using the RPEV facilities on 2 September 2022 without any disruption.</p> <p>The Company has considered stability and capacity of the meeting platform and ensured that there was dedicated and sufficient internet bandwidth to support smooth live streaming and participation by Directors, shareholders and proxies remotely.</p> <p>The Company also worked with its service provider to ensure that there was adequate back-up plan to mitigate risk of inability to access the meeting platform which was hosted using RPEV facilities. During the proceedings of the 19th AGM, participants were given opportunity to pose questions in the form of real-time submission of typed texts. The Management attended to the live questions received during the meeting proceedings.</p> |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

| | | |
|--|---|--|
| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | | |
| Application | : | Applied |
| Explanation on application of the practice | : | Minutes of the 19 th AGM held on 2 September 2022 were published on the Company's website at www.microlink.com.my . |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Click or tap here to enter text.



MICROLINK SOLUTIONS BERHAD

[Registration No. 200301018362 (620782-P)]

(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE 20TH ANNUAL GENERAL MEETING (20TH AGM)

| | | |
|------------------------------|---|---|
| Date | : | Monday, 4 September 2023 |
| Time | : | 10.30 a.m. |
| Broadcast Venue | : | 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, Malaysia |
| Meeting Platform | : | https://agm.omesti.com |
| Registration | : | Virtual Meeting via Remote Participation & Electronic Voting (RPEV) facilities |
| Mode of Communication | : | Shareholders may pose questions via real-time submission of typed texts at https://agm.omesti.com |

VIRTUAL MEETING

The Broadcast Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016 together with essential individuals in accordance with Note 1.2 of the Securities Commission's Guidance.

SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES/ATTORNEYS from the public are **NOT PERMITTED** to be physically present at the Broadcast Venue on the day of the 20th AGM.

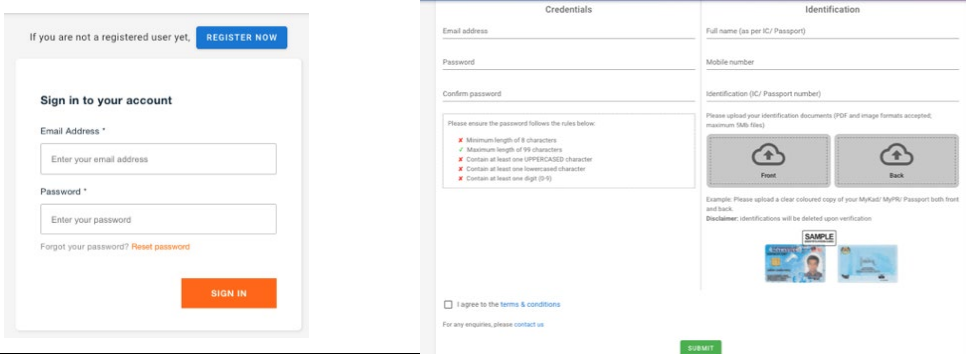
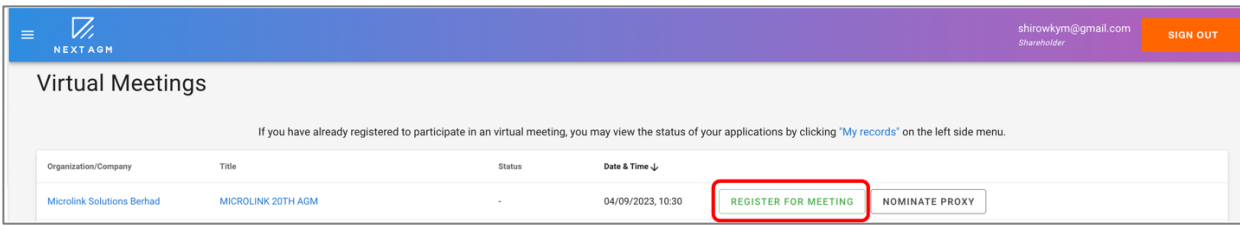
Please note that the quality of the live webcast and online remote voting throughout the 20th AGM are dependent on your internet bandwidth and stability of your internet connection.

RPEV FACILITIES

Shareholders are able to participate, speak (in the form of real-time submission of typed texts) and vote remotely at the 20th AGM using Remote Participation & Electronic Voting (RPEV) facilities via the portal at <https://agm.omesti.com> (Portal).

PROCEDURES FOR RPEV

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the 20th AGM remotely using the RPEV facilities, are to follow the requirements and procedures as summarised below:

| Procedures | | Action |
|--|--|---|
| BEFORE THE DAY OF THE 20TH AGM | | |
| 1. | Register as a User | <p>IMPORTANT: All SHAREHOLDERS AND PROXIES must register as users on the Portal. [NOTE If you have previously registered as a user on the Portal for an earlier meeting, you may skip this step.]</p> <ul style="list-style-type: none"> Access the Portal at https://agm.omesti.com Click Login followed by Register to sign up as a user. Complete your registration by filling in the information required and upload a softcopy of your MyKAD (front and back) or Passport. Read and agree to the terms & conditions and then click Submit. Your registration will be verified and, once approved, an email will be sent to you. Your email address must be valid in order for you to receive your verification email. |
|  | | |
| 2. | Register intent to participate in the 20th AGM | <ul style="list-style-type: none"> You must register your intent to participate in the 20th AGM latest by 10.30am on 3 September 2023. Registration will be available from 9.00am, Monday, 6 August 2023 onwards. To register your intent to participate, visit the Portal at https://agm.omesti.com and login with your user ID and password. Go to Main Menu, select Virtual Meetings. On the Microlink 20th AGM row, select Register For Meeting. Fill in your details as required, including your CDS number. After verification of your registration against the General Meeting Record of Depositors dated 25 August 2023, you will receive an email confirming your registration for remote participation. The email will contain a link for you to join the 20th AGM. NOTE: You may register your intent to participate in the 20th AGM when you register as a user. Alternatively, you may register your intent to participate in the 20th AGM after your registration as a user is approved. |
|  | | |

| Procedures | Action |
|----------------------------------|---|
| <p>3. Appoint a Proxy</p> | <p>Should you be unable to participate in the 20th AGM, you may appoint a proxy to participate and vote on your behalf.</p> <ul style="list-style-type: none"> On the Microlink 20th AGM row in the Portal, select Nominate Proxy. Either select Chairperson if you choose Chairperson to be your proxy or Third Party if you choose other people to be your proxy. Fill in your details as required including your CDS account number and Proxy details. Should you wish to appoint more than one (1) proxy, you will need to key in their details separately (one submission per proxy), as well as the number of shares represented by each proxy. Enter your voting instructions for the resolutions (otherwise your proxy will decide your vote) and submit. You may view your proxy form submissions under My Records. <p>NOTE: Your appointed proxy must register as a user on the portal [See Step 1] to be able to participate in the 20th AGM on your behalf.</p> |

Virtual Meetings

If you have already registered to participate in a virtual meeting, you may view the status of your applications by clicking "My records" on the left side menu.

| Organization/Company | Title | Status | Date & Time |
|----------------------------|--------------------|--------|-------------------|
| Microlink Solutions Berhad | MICROLINK 20TH AGM | - | 04/09/2023, 10:30 |

REGISTER FOR MEETING NOMINATE PROXY

Nominate proxy

Organization: Microlink Solutions Berhad
Date & time: 04/09/2023, 10:30 Malaysia Time

1 Proxy nomination

Chairman
You can choose chairman to be your proxy
CHOOSE

Third party
You can choose other people to be your proxy
CHOOSE

Nominate proxy

Organization: Microlink Solutions Berhad
Date & time: 04/09/2023, 10:30 Malaysia Time

1 Proxy nomination
Third party

2 Proxy details

Proxy name
Jane Smith

Identification
123123123

This IC number is NOT registered as a user. You MAY PROCEED with nomination. However please contact your proxy to ensure they register an account on the NextAGM platform ahead of the AGM.

Email address
If you provide an email address we will contact your proxy and assist them in creating the account.

☐ OR failing whom (add backup proxy)

☐ Nominate chairman as proxy when nominated proxies are unavailable

NEXT

Procedures

Action

NEXTAGM

shirowkym@gmail.com
Shareholder

SIGN OUT

Nominate proxy

Organization: Microlink Solutions Berhad
Date & time: 04/09/2023, 10:30 Malaysia Time

Proxy nomination
Third party

Proxy details
Jane Smith (123123123)

CDS account number details

CDS account number
123-451-2345
Number of shares
12345
The number of shares represented by this proxy

NEXT

NEXTAGM

shirowkym@gmail.com
Shareholder

SIGN OUT

Organization: Microlink Solutions Berhad
Date & time: 04/09/2023, 10:30 Malaysia Time

Proxy nomination
Third party

Proxy details
Jane Smith (123123123)

CDS account number details
*CDS account number: 123-451-2345
Shares: 12345*

Voting instructions

Resolution 1

No description.

FOR

ABSTAIN

AGAINST

Resolution 2

No description.

FOR

ABSTAIN

AGAINST

Resolution 3

No description.

FOR

ABSTAIN

AGAINST

NEXT

NEXTAGM

shirowkym@gmail.com
Shareholder

SIGN OUT

Proxy details
Jane Smith (123123123)

CDS account number details
*CDS account number: 123-451-2345
Shares: 12345*

Voting instructions

Summary

Nomination of proxy application to attend the MICROLINK 20TH AGM of Microlink Solutions Berhad that will take place at 04/09/2023, 10:30 Malaysia Time

CDS account number details

CDS account number: 123-451-2345

Number of shares represented by this proxy: 12345

Proxy

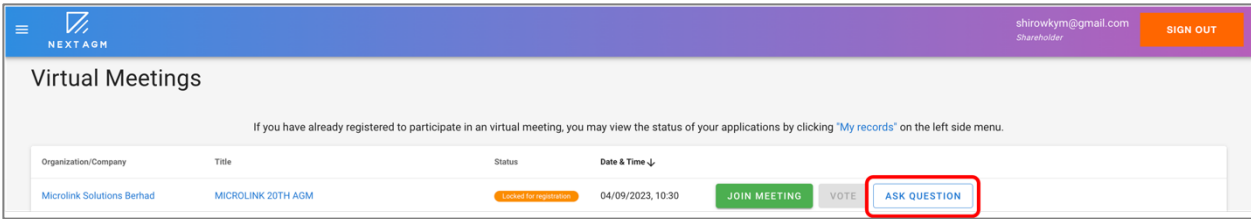
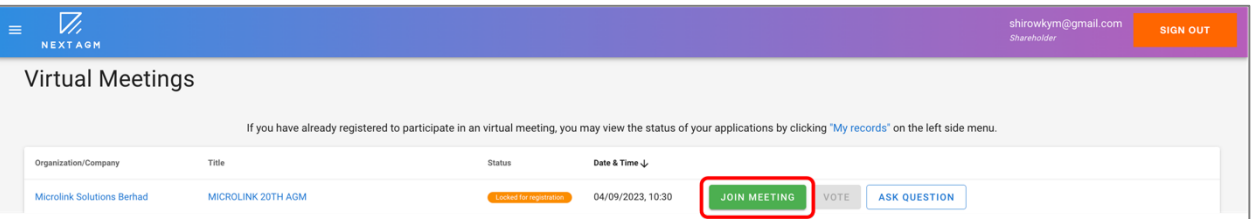
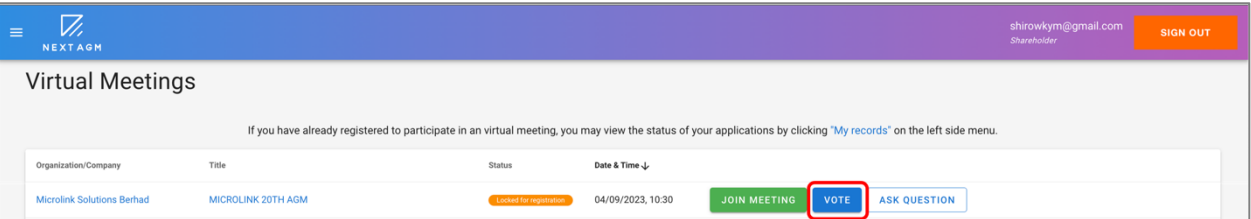
| Name | Identification |
|------------------|----------------|
| Proxy Jane Smith | 123123123 |

Voting instructions

| | FOR | ABSTAIN | AGAINST | VOTE OPTION |
|--------------|-----|---------|---------|-------------|
| Resolution 1 | X | | | |
| Resolution 2 | X | | | |
| Resolution 3 | X | | | |

SUBMIT

SUBMIT AND ADD ANOTHER PROXY

| Procedures | | Action |
|---|---|--|
| 4. | Submit Questions before the 20th AGM | <ul style="list-style-type: none"> Select Virtual Meetings under Main Menu. On the Microlink 20th AGM row, select Ask Question to post your questions. You may only submit questions after your request to participate in the 20th AGM is approved. |
|  <p>The screenshot shows the 'Virtual Meetings' page for 'MICROLINK 20TH AGM'. The 'ASK QUESTION' button is highlighted with a red box. The page includes a header with 'NEXT AGM' and a user profile 'shirwkym@gmail.com Shareholder' with a 'SIGN OUT' button. A table lists the meeting details, and buttons for 'JOIN MEETING', 'VOTE', and 'ASK QUESTION' are visible.</p> | | |
| ON THE DAY OF THE 20TH AGM | | |
| 5. | Login to the Portal at https://agm.0mesti.com and participate in the 20th AGM through Live Streaming | <p>EITHER:</p> <ul style="list-style-type: none"> Click on the link in your confirmation email at any time within 30 minutes before the start of the 20th AGM. For security purposes, you may be asked for your credentials before entering the Portal. <p>OR:</p> <ul style="list-style-type: none"> Login to the portal with your user ID and password. On the Microlink 20th AGM row, click Join Meeting. You will join the live streaming of the 20th AGM. Please take note that the quality of the live streaming is dependent on the bandwidth and stability of your internet connection. |
|  <p>The screenshot shows the 'Virtual Meetings' page for 'MICROLINK 20TH AGM'. The 'JOIN MEETING' button is highlighted with a red box. The page includes a header with 'NEXT AGM' and a user profile 'shirwkym@gmail.com Shareholder' with a 'SIGN OUT' button. A table lists the meeting details, and buttons for 'JOIN MEETING', 'VOTE', and 'ASK QUESTION' are visible.</p> | | |
| 6. | Submit Questions During the 20th AGM | <ul style="list-style-type: none"> To submit question(s) for the Chairman/Board/Management during the 20th AGM, you may use the Ask Question function on the right of the Live video. The Chairman/Board/Management will endeavour to respond during the 20th AGM to all relevant questions submitted. |
| 7. | Online Remote Voting | <p>Voting will open once the Chairman of the 20th AGM declares that the voting function is activated. It will end when advised by the Chairman.</p> <ul style="list-style-type: none"> Select the Voting function next to Join Meeting Cast your vote on all resolutions as shown on screen. Click submit. Once submitted, your votes will be final and cannot be changed. |
|  <p>The screenshot shows the 'Virtual Meetings' page for 'MICROLINK 20TH AGM'. The 'VOTE' button is highlighted with a red box. The page includes a header with 'NEXT AGM' and a user profile 'shirwkym@gmail.com Shareholder' with a 'SIGN OUT' button. A table lists the meeting details, and buttons for 'JOIN MEETING', 'VOTE', and 'ASK QUESTION' are visible.</p> | | |
| 8. | End of RPEV facilities | <ul style="list-style-type: none"> The RPEV facilities will end and the Ask Question function will be disabled as soon as the Chairman of the 20th AGM announces the closure of the 20th AGM. |

Note to users of the RPEV facilities:

Once your application to participate in the 20th AGM is approved, you will be granted the rights to participate in the live stream broadcast of the 20th AGM and to vote remotely. Your login to the Portal on the day of the 20th AGM and clicking "**Join Meeting**" will indicate your presence at the 20th AGM.

APPOINTMENT OF PROXY

- I. The 20th AGM will be conducted on a virtual basis. If you are unable to participate in the 20th AGM, you may appoint the Chairman of the 20th AGM as proxy and indicate your voting instructions in the Form of Proxy.
- II. You may submit the Form of Proxy electronically via the Portal at <https://agm.omesti.com> no later than **Sunday, 3 September 2023 at 10.30 a.m.** See Step 3 above, "**Appoint a Proxy**".

You may also submit the Form of Proxy by email to osem@quadrantbiz.co, by fax to +603 9779 1701/02 or by post to the following Registered Office address:

MICROLINK SOLUTIONS BERHAD

[Registration No. 200301018362 (620782-P)]
 Ho Hup Tower – Aurora Place, 2-07-01 – Level 7
 Plaza Bukit Jalil, No. 1, Persiaran Jalil 1
 Bandar Bukit Jalil, 57000 Kuala Lumpur

As part of our commitment to protect the environment, please submit your Form of Proxy via the Portal or via email to osem@quadrantbiz.co.

Your Form of Proxy must be submitted **not less than 24 hours before the time appointed for holding the 20th AGM** or any adjournment thereof, otherwise the Form of Proxy shall be treated as invalid.

- III. **CORPORATE REPRESENTATIVES/ATTORNEYS:** In order to participate in the 20th AGM via RPEV facilities, the following requirements apply and must be completed **not less than 24 hours before the time appointed for holding the 20th AGM** or any adjournment thereof:

| | |
|--|---|
| Corporate representatives of corporate shareholders | To deposit their original certificate of appointment of corporate representative at the Registered Office of the Company as above |
| Attorneys appointed by power of attorney | To deposit their power of attorney at the Registered Office as above |

- IV. Any shareholder who has appointed a proxy/attorney/authorised representative to participate at the 20th AGM via RPEV facilities **must ensure** that this person[s] **register as a user** at the Portal **latest by Sunday, 3 September 2023 at 10.30 a.m.**

POLL VOTING

- I. Voting at the 20th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Red Ape Solutions Sdn Bhd as Poll Administrator to conduct the poll by way of online remote voting. Quantegic Services Sdn Bhd is appointed as Scrutineers to verify the poll results.

- II. Shareholders/proxies may proceed to vote on the resolutions online once the Chairman of the 20th AGM declares that the voting platform is activated and will end upon declaration by the Chairman. Please refer to item 7 for voting procedures using the RPEV facilities.
- III. Upon completion of the voting session, the Scrutineers will verify the poll results. The declaration of results will be made by the Chairman of the 20th AGM.

REVOCATION OF PROXY

If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the 20th AGM yourself, please email osem@quadrantbiz.co to revoke the earlier appointed proxy(ies) at least 24 hours before the 20th AGM. On revocation, your proxy(ies) will not be allowed to participate in the 20th AGM. In such event, you should advise your proxy(ies) accordingly.

RECORD OF DEPOSITORS (ROD) FOR THE 20TH AGM

Only shareholders whose names appear on the ROD as at 25 August 2023 shall be entitled to participate and vote remotely at the 20th AGM via RPEV facilities or appoint proxy(ies) to participate in the 20th AGM and vote on their behalf.

DOOR GIFT/E-VOUCHER/FOOD VOUCHER

There will be NO door gift/e-voucher/food voucher for participating at the 20th AGM.

DIGITAL COPIES OF 20TH AGM DOCUMENTS

- I. As part of our commitment to sustainable practices, the following documents of the Company are available for download from the Company's website at <https://www.microlink.com.my/reports/annual-report-2023/> :
 - **Volume 1 – 2023 Annual Report** – Corporate Report & Compliance Statements including Notice of Annual General Meeting
 - **Volume 2 – 2023 Annual Report** – Financial Statements
 - **Circular to Shareholders** dated 28 July 2023
 - **Administrative Guide** for the 20th Annual General Meeting
 - **Form of Proxy**
 - **Request Form**
- II. You may request a printed copy of the Annual Report 2023 and/or the Circular to Shareholders dated 28 July 2023 by sending the completed Request Form via email to osem@quadrantbiz.co.

ENQUIRIES

If you have any enquiry relating to the 20th AGM, please contact the following persons during office hours (8.30 a.m. to 5.30 p.m.) on Mondays to Fridays (except public holidays):-

- (i) Enquiries relating to Online Registration/Login/Online Voting/RPEV facilities

| | | |
|-----------------|---|--|
| Tel | : | +603-9779 1708 |
| Email | : | agm@omesti.com |
| Contact persons | : | Kym Mi |
- (ii) Enquiries relating to the Annual Report 2023 and/or the Circular to Shareholders dated 28 July 2023 and other documents

| | | |
|-----------------|---|---|
| Tel | : | +603 9779 1700 |
| Email | : | osem@quadrantbiz.co |
| Contact persons | : | Ms Lim Shook Nyee / Pn Norshazreeen binti Sabirin / Cik Nur Amirah Aina |

PERSONAL DATA PRIVACY

By registering for the RPEV facilities and/or submitting the instrument appointing proxy(ies) and/or representative(s), the shareholder of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents) in accordance with the Company's privacy policy located at <https://www.microlink.com.my/privacy-policy/> and to comply with any laws, listing rules, regulations and/or guidelines. The shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.