

Circular/Notice to Shareholders

MICROLINK SOLUTIONS BERHAD

Subject CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Please refer attachment below.

Attachments

[Microlink - RRPT Circular.pdf](#)
810.2 kB

Announcement Info

| | |
|-------------------------|----------------------------|
| Company Name | MICROLINK SOLUTIONS BERHAD |
| Stock Name | MICROLN |
| Date Announced | 28 Jul 2023 |
| Category | Document Submission |
| Reference Number | DCS-28072023-00010 |

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Circular prior to its issuance as it is prescribed as an exempt circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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



MICROLINK SOLUTIONS BERHAD

[Registration No. 200301018362 (620782-P)]

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

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

The ordinary resolution in respect of the above proposal will be tabled at the Twentieth Annual General Meeting (“20th AGM”) of the Company which 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. The Notice of 20th AGM together with the Form of Proxy are set out in the Company’s Annual Report 2023.

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 the 20th AGM for more details) or by email to osem@quadrantbiz.co or by fax to +603 9779 1701/1702 or by post to the Registered Office of the Company at Ho Hup Tower - Aurora Place, 2-07-01 - Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia no later than **Sunday, 3 September 2023 at 10.30 a.m.** The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking (in the form of real-time submission of typed texts) and voting remotely at the forthcoming 20th AGM, should you subsequently wish to do so.

Please follow the procedures provided in the Administrative Guide for the 20th AGM, which is available at our Company’s website at www.microlink.com.my.

Last date and time for lodging the Form of Proxy : Sunday, 3 September 2023 at 10.30 a.m.
Date and time for 20th AGM : Monday, 4 September 2023 at 10.30 a.m.

This Circular is dated 28 July 2023.

DEFINITIONS

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

| | | |
|------------------------|---|--|
| Act | : | The Companies Act 2016 and as may be amended from time to time and any re-enactment thereof |
| AGM | : | Annual General Meeting |
| Board | : | Board of Directors of MSB |
| Bursa Securities | : | Bursa Malaysia Securities Berhad [200301033577 (635998-W)] |
| Director(s) | : | Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007, for the purpose of the Proposed Renewal of Existing Shareholders' Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director of MSB or any other company which is its subsidiary or holding company and a chief executive officer of MSB, its subsidiary or holding company |
| Ho Hup | : | Ho Hup Construction Company Berhad [197301000497 (14034-W)] |
| Ho Hup Group | : | Ho Hup and its subsidiary companies |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities including any amendment(s) that may be made from time to time |
| LPD | : | 30 June 2023, being the latest practicable date prior to the printing of this Circular |
| Major Shareholder | : | means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in section 8 of the Act, and a Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of MSB as defined under Paragraph 1.01 or any other corporation which is its subsidiary or holding company |
| MSB or the Company | : | Microlink Solutions Berhad [200301018362 (620782-P)] |
| MSB Group or the Group | : | MSB and its subsidiary and associated companies |
| NA | : | Net Assets |
| Omesti | : | Omesti Berhad [200001028094 (530701-T)] |

DEFINITIONS (cont'd)

| | | |
|--|---|--|
| Omesti Group | : | Omesti and its subsidiary companies |
| Person Connected | : | In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories: (a) a family member of the said Person; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (c) a partner of the said Person; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person. |
| Proposed Renewal of Existing Shareholders’ Mandate | : | Proposed renewal of existing shareholders’ mandate for RRPTs entered into by MSB Group from the date of the forthcoming AGM until the next AGM |
| Related Party(ies) | : | Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s) as defined therein |
| Related Party Transaction | : | A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party |
| Recurrent Related Party Transactions or RRPTs | : | Recurrent Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations and are to be entered into by MSB Group in the ordinary course of business of MSB group involving the direct and/or indirect interests of Related Party(ies) |
| RM and sen | : | Ringgit Malaysia and sen respectively |

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| FULL TEXT OF ORDINARY RESOLUTION 8 AS REFERRED TO IN NOTICE OF 20TH AGM DATED 28 JULY 2023 | ENCLOSED |

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MICROLINK SOLUTIONS BERHAD

[Registration No. 200301018362 (620782-P)]

(Incorporated in Malaysia)

Registered Office:

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

28 July 2023

Board of Directors

YABhg. Tun Arifin bin Zakaria (*Independent Non-Executive Chairman*)
YABhg. Tan Sri Jaganath Derek Steven Sabapathy (*Deputy Chairman, Non-Independent Non-Executive Director*)
YABhg. Dato’ Sri Chee Hong Leong (*Executive Director*)
YABhg. Dato’ Ahmad Najmi bin Abdul Razak (*Non-Independent Non-Executive Director*)
Mr Monteiro Gerard Clair (*Executive Director*)
Mr Tai Keat Chai (*Independent Non-Executive Director*)
Mr Martin Chu Leong Meng (*Independent Non-Executive Director*)
Ms Wan Mai Gan (*Independent Non-Executive Director*)
Puan Noor Zaliza Yati binti Yahya (*Independent Non-Executive Director*)

To: The Shareholders of Microlink Solutions Berhad

Dear Sir / Madam,

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

1. INTRODUCTION

- 1.1 At the 19th AGM held on 2 September 2022, the shareholders of the Company approved, *inter alia*, the shareholders’ mandate for the Company and/or its subsidiaries to enter into RRPTs. The said mandate shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 20th AGM of the Company, unless renewal is obtained.

- 1.2 In connection thereto, the Board of MSB had on 10 July 2023, announced its intention to seek shareholders' approval for the Proposed Renewal of Existing Shareholders' Mandate.
- 1.3 The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Existing Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming 20th AGM of the Company. The Notice of 20th AGM is set out in the Annual Report 2023. The extract of ordinary resolution on the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the MSB's 20th AGM is enclosed together with this Circular.

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

2. DETAILS OF THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

2.1 The Proposed Renewal of Existing Shareholders' Mandate

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

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

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

The Proposed Renewal of Existing Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming 20th AGM, is subject to annual renewal and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming 20th AGM at which the Proposed Renewal of Existing Shareholders' Mandate is passed, at which time such mandate will lapse, unless by a resolution passed at the meeting, the authority for the Proposed Renewal of Existing Shareholders' Mandate is renewed;

(b) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

2.2 Principal activities of the MSB Group

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

| Name of Company | Effective Equity Interest % | Principal Activities |
|--|-----------------------------|---|
| <u>Subsidiaries of MSB</u> | | |
| CA IT Infrastructure Solutions Sdn Bhd | 100.00 | Trading and marketing of computer software programmes and products. |
| CSA Servis (M) Sdn Bhd (“CSAS”) | 100.00 | Investment holding and provision of computer repair and maintenance services, supply of computer parts, accessories, computers and peripherals. |
| Dhanalynk Sdn Bhd | 100.00 | Development of application software, system integration services and the provision of hardware and software maintenance services. |
| Microlink Systems Sdn Bhd (“MSSB”) | 100.00 | Provision of information technology solutions to the financial services industry and dealing in related products. |
| Microlink Innovation Sdn Bhd | 100.00 | Research and development of information technology solution for financial services industry. |
| ML Tridimas Sdn Bhd | 100.00 | Provision of development of application software, system integration services and the provision of hardware and software maintenance services. |
| Omesti Innovation Lab (Malaysia) Sdn Bhd | 100.00 | Development of information and multimedia technology and provision of deployment services. |
| Microlink Solutions W.L.L | 100.00 | Provision of computer programming, computer consultancy and computer facilities management and management consultancy services. |
| Microlink Solutions Pte Ltd | 100.00 | Distributing and marketing online video surveillance and analytics services. |

| Name of Company | Effective Equity Interest % | Principal Activities |
|--|------------------------------------|--|
| Microlink Solutions Vietnam Company Limited | 100.00 | Consulting services, software implementation services, data processing services, database services and maintenance services. |
| Microlink Software Sdn Bhd | 51.00 | Provision of consultancy services in supporting and modifying banking software. |
| Microlink Kinexure Sdn Bhd | 51.00 | Provision of information technology services. |
| <u>Subsidiaries of CSAS</u> | | |
| Formis Computer Services Sdn Bhd | 100.00 | Provision of computer technology and maintenance of computer hardware and software. |
| First Solution Sdn Bhd | 100.00 | Distribution and maintenance of computer hardware and software. |
| Applied Business Systems Sdn Bhd | 100.00 | Distribution and maintenance of computer equipment and software. |
| Formis Systems & Technology Sdn Bhd | 100.00 | Distribution and maintenance of computer hardware and software. |
| Formis Advanced Systems Sdn Bhd | 100.00 | Provision of information technology services in terms of hardware, software, consultancy and maintenance. |
| <u>Subsidiary of MSB holding 80% and MSSB holding 20%</u> | | |
| PT Microlink Indonesia | 100.00 | Provision of information technology solutions to the financial services industry and dealing in related products. |
| <u>Subsidiary of MSSB</u> | | |
| PT Microlink International Maju | 65.00 | Provision of information technology solutions to the financial services industry and dealing in related products. |

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2.3 Class, nature and estimated aggregate value of the RRPTs

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

| Companies within the MSB Group transacting with the Related Party | Nature of Transaction | Transacting Related Party | Interested Directors / Major Shareholders / Person Connected with Directors / Major Shareholders | Estimated aggregate value during the validity period of the Proposed Renewal of Existing Shareholders' Mandate* (RM) | Estimated aggregated value as disclosed in the previous circular to shareholders dated 29 July 2022 ("Estimated Value") (RM) | Actual value transacted from 2 September 2022 (date of 19 th AGM) to the LPD ("Actual Value") (RM) |
|---|--|---------------------------|--|--|--|---|
| MSB Group | Supply of network and software solutions, licenses, network infrastructure, computer hardware and software and maintenance services by Omesti Group to MSB Group | Omesti Group | Interested Director - Monteiro Gerard Clair ("MGC") ⁽⁵⁾ Interested Major Shareholders - Omesti Holdings Berhad ("OHB") ⁽¹⁾ - Omesti Berhad ("Omesti") ⁽³⁾ | 10,000,000 | 5,000,000 | 3,350,747 |
| | 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 | | | 100,000,000 | 100,000,000 | 18,728,393 |
| | Provision of administrative and management support, training and other related services by Omesti Group to MSB Group | | | 3,000,000 | 3,000,000 | 98,814 |
| | Provision of administrative and management support, training and other related services by MSB Group to Omesti Group | | | 2,000,000 | 2,000,000 | 12,740 |

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

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

| Companies within the MSB Group transacting with the Related Party | Nature of Transaction | Transacting Related Party | Interested Directors / Major Shareholders / Person Connected with Directors / Major Shareholders | Estimated aggregate value during the validity period of the Proposed Renewal of Existing Shareholders' Mandate* (RM) | Estimated aggregated value as disclosed in the previous circular to shareholders dated 29 July 2022 ("Estimated Value") (RM) | Actual value transacted from 2 September 2022 (date of 19th AGM) to the LPD ("Actual Value") (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 Director - MGC ⁽⁵⁾ Interested Major Shareholders - OHB ⁽¹⁾ - Omesti ⁽³⁾ | 1,000,000 | 1,000,000 | 168,930 |
| 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⁾ | 5,000,000 | 3,500,000 | 660,868 |

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

* This comprises estimated value of transactions from the date of the forthcoming 20th AGM to the date of the next AGM expected to be held in the month of September 2024, the estimated value is based on information available at the point of estimation. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated aggregate value disclosed above.

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 as at the LPD. MIHCM Asia is principally engaged in the distribution, marketing, implementing and maintenance of human capital management software solutions and services in Asia.
- (3) Omesti is the holding company of OHB as at the LPD. Omesti is principally engaged in investment holding activities and the provision of management services, and the businesses within the Group are organised along broad business lines of business performance services, as-a-service solutions, trading & distribution services and digital & infrastructure services.
- (4) Ho Hup Group is a related party to MSB Group through a common ultimate Major Shareholder, Omesti. As at the LPD, Ho Hup is a 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 an Executive Director and Non-Independent Non-Executive Director of both MSB and Omesti respectively. His direct and indirect interests in Omesti and MSB as at the LPD are as set out below:

| Name of Company | % of Interest | |
|-----------------|---------------|----------------------|
| | Direct | Indirect |
| Omesti | 7.24 | 12.27 ⁽¹⁾ |
| MSB | 3.47 | 0.00 |

Note:

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

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

The breakdown of the principal sum and interest for the total outstanding amount due under the RRPTs which exceeded the credit term as at 31 March 2023 are as follows:

| No. | Nature of transactions | Amount of Outstanding RRPTs Receivables (RM) | | | |
|-----|--|--|----------------|----------------|-----------|
| | | ≤ 1 year | > 1 to 3 years | > 3 to 5 years | > 5 years |
| 1. | Supply of network and software solutions, licenses, network infrastructure, computer hardware and software and maintenance services by MSB Group to Omesti Group | 25,617,662 | 752,616 | - | - |
| 2 | Provision of administrative and management support, training and other related services by MSB Group to Omesti Group | 253,891 | - | - | - |

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

As at the LPD, an amount totaling RM5,049,857 out of the above amounts due to the MSB Group by the Related Parties has been recovered.

3. RATIONALE AND BENEFITS FOR THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

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

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

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

4. REVIEW PROCEDURES

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

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

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

5. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

6. CONDITION FOR THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

The Proposed Renewal of Existing Shareholders' Mandate is conditional upon approval being obtained from the shareholders of MSB at the forthcoming 20th AGM.

7. FINANCIAL EFFECTS

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

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

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

| Director and Major Shareholders | Shareholdings in MSB | | | |
|---------------------------------|----------------------|-------|----------------------------|-------|
| | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % |
| <u>Interested Director</u> | | | | |
| MGC | 37,205,296 | 3.47 | 31,464 ⁽¹⁾ | 0.00 |
| <u>Major Shareholders</u> | | | | |
| OHB | 390,594,972 | 36.42 | - | - |
| Omesti | - | - | 390,594,972 ⁽²⁾ | 36.42 |

Notes:

⁽¹⁾ Deemed interest by virtue of his substantial interest in H2O holdings Sdn Bhd pursuant to Section 8(4) of the Act.

⁽²⁾ Deemed interest by virtue of OHB being a wholly-owned subsidiary of Omesti pursuant to Section 8(4) of the Act.

The Interested Director has abstained and will continue to abstain from Board deliberations and voting pertaining to the Proposed Renewal of Existing Shareholders' Mandate.

The Interested Director and the Interested Major Shareholders will abstain from voting in respect of their direct and indirect shareholdings on the Proposed Renewal of Existing Shareholders' Mandate at the forthcoming 20th AGM.

In addition, the Interested Director and the Interested Major Shareholders have undertaken that they will ensure that Person Connected with them will also abstain from voting in respect of their direct and indirect shareholdings on the resolution, deliberating or approving the Proposed Renewal of Existing Shareholders' Mandate at the forthcoming 20th AGM.

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

9. BOARD'S RECOMMENDATION

The Board (save for the Interested Director), having considered all aspects of the Proposed Renewal of Existing Shareholders' Mandate, is of the opinion that the Proposed Renewal of Existing Shareholders' Mandate is in the best interest of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the forthcoming 20th AGM.

10. AGM

The Notice of 20th AGM to consider and if thought fit, passing the ordinary resolution pertaining to the Proposed Renewal of Existing Shareholders' Mandate as set out herein is also enclosed in the Annual Report 2023. The 20th AGM 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.

If you are unable to attend and vote in person at the forthcoming 20th AGM, and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event, so as to arrive at the Registered Office of the Company at Ho Hup Tower - Aurora Place, 2-07-01 - Level 7, Plaza Bukit Jalil, No 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia not less than 48 hours before the time fixed for holding the Meeting or adjournment 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 the 20th AGM for more details) or by email to osem@quadrantbiz.co or by fax to +603 9779 1701/1702 or by post to the above Registered Office address no later than **Sunday, 3 September 2023 at 10.30 a.m.**

The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking (in the form of real-time submission of typed texts) and voting remotely at the forthcoming 20th AGM, should you subsequently wish to do so.

11. FURTHER INFORMATION

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

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

Tun Arifin bin Zakaria
Independent Non-Executive Chairman

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION

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

(i) Kuala Lumpur High Court Civil Suit No.: WA-22NCVC-144-03/2020

Plaintiff: First Solution Sdn Bhd (“FSSB”), an indirect wholly-owned subsidiary of Microlink
 Defendant: Ageqnies (M) Sdn Bhd

FSSB filed a suit against Ageqnies (M) Sdn Bhd (“Ageqnies”) on 2 March 2020. FSSB’s claim against Ageqnies is for the payment of RM1.02 million and interest of 1.5% per month from 17 September 2018 to the date of full settlement premised upon Ageqnies’ failure to pay FSSB the said sum due and owing arising from the delivery of various software licences.

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

FSSB had on 11 June 2020 filed an application for summary judgment and Ageqnies had on 23 June 2020 filed an application to strike out the suit. Both of the applications aforesaid were dismissed by the High Court on 9 April 2021. At the case management on 21 September 2021, the High Court fixed the matter for trial from 5 July 2022 to 8 July 2022.

FSSB and Ageqnies filed separate appeals against the dismissal of the summary judgment and striking out applications respectively (“Appeals”). At the hearing of the Appeals on 16 June 2022, the Court of Appeal decided that the matter ought to go to trial and dismissed both appeals.

At the request of Ageqnies’ lawyer, the initial trial dates in the High Court were vacated and trial was rescheduled to 17 January 2023 until 20 January 2023. However, these new trial dates were subsequently vacated to 7 to 8 August 2023 and 21 to 22 August 2023, which were thereafter vacated by the High Court again, in order for the High Court to deal with cases that were filed in 2018 and 2019. FSSB’s lawyers has requested and are currently waiting for new trial dates to be fixed by the High Court. The next case management is on 16 August 2023.

(ii) Kuala Lumpur High Court Winding Up Company No.: WA-28NCC-811-08/2018
Post Winding Up Company No.: WA-28PW-362-10/2020

Petitioner: Ambank Islamic Berhad
 Respondent: Encoral Digital Solutions Sdn Bhd (“Encoral”)
 Creditor: Applied Business Systems Sdn Bhd (“ABS”), an indirect wholly-owned subsidiary of Microlink

On 4 June 2020, ABS filed a proof of debt with the Malaysian Department of Insolvency (“MDI”) against Encoral for the principal amount of RM1.56 million and interest up to 4 January 2019 of RM0.78 million premised upon Encoral’s failure to pay ABS the sum of RM1.56 million due and owing pursuant to the sale of goods and provision of services by ABS. Encoral had been wound up on 4 January 2019 pursuant to a winding up petition filed by Ambank Islamic Berhad. ABS’s total claim against Encoral as at 4 January 2019 is RM2.34 million.

Subsequently, towards the end of April 2021, ABS was notified of an application by Ansi Systems Sdn Bhd (“Ansi”), a creditor of Encoral, to set aside the winding up order through Kuala Lumpur

FURTHER INFORMATION

High Court Winding Up of Company No.: WA-28NCC-811-08/2018 and Post Winding Up of Company No.: WA-28PW-362-10/2020. ABS opposed the abovementioned application filed by Ansi. On 3 June 2021, Ansi notified ABS' solicitors that they would be withdrawing their application. In this regard, ABS' solicitors were instructed by ABS to seek for full costs for the withdrawal and an order that Ansi's application be struck out without liberty to file afresh. The Court had on 12 August 2021 heard Ansi's proposed withdrawal and had ordered the following:

- a) The Court struck off Ansi's application with liberty to file afresh; and
- b) Costs of RM10,000.00 was awarded to ABS subject to allocator fees of RM400; and all payable within 30 days from the date of the order. ("Order").

On 24 September 2021, ABS' solicitors issued a letter to Ansi's solicitors enclosing the sealed Order and Certificate of Allocator, with a demand to pay. ABS' solicitors further issued another letter on 12 October 2021 to demand for payment but no payment was received.

ABS has since decided not to pursue execution proceedings to recover the costs awarded to ABS pursuant to the Order.

ABS has to date recovered RM460,594.79 from Encoral through the liquidation process which is still ongoing. ABS' lawyers will continue to monitor Encoral's liquidation process on behalf of ABS.

(iii) Kuala Lumpur Sessions Court Civil Suit No.: WA-A52NCC-1764-08/2021 ("KL Sessions Court Suit")

Plaintiff: FSSB

Defendant: Innovative Swift Sdn Bhd

Kuala Lumpur High Court Winding Up Company No.: WA-28NCC-268-03/2023

Petitioner: FSSB

Respondent: Innovative Swift Sdn Bhd

FSSB filed a suit against Innovative Swift Sdn Bhd ("Innovative Swift") on 20 August 2021. FSSB's claim against Innovative Swift is for the payment of RM106,917.76, interest of RM99,989.93 as at 30 June 2021, interest on the sum of RM106,917.76 at a rate of 1.5% per month from 1 July 2021 to the date of full settlement premised upon Innovative Swift's failure to pay FSSB the said sum due and owing arising from the delivery of computer hardware and software.

On 15 September 2021, FSSB obtained a Judgment in Default against Innovative Swift with costs of RM1,000.00 awarded to FSSB.

On 19 January 2022, Innovative Swift made an application to set aside the Judgment in Default. On 18 March 2022, the Sessions Court dismissed Innovative Swift's application with costs of RM3,000.00 awarded to FSSB. Innovative Swift thereafter appealed to the High Court and their appeal was dismissed on 21 September 2022 with costs of RM4,500.00 awarded to FSSB subject to allocator fees of RM180.

On 5 January 2023, a notice pursuant to Section 466(1)(a) of the Companies Act 2016 was sent to Innovative Swift demanding for the total sum due and owing to FSSB as claimed and awarded under the KL Sessions Court Suit but no payment was received. Consequently, on 20 March 2023, FSSB filed a winding up petition in the KL High Court against Innovative Swift. The hearing for the winding up petition has been fixed on 31 October 2023.

3. MATERIAL CONTRACTS

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

- i) Heads of Agreement ("HOA") dated 19 January 2022 entered into between MSB, Omesti and Man Yau Holdings Berhad (the "Parties") to explore and pursue the following:
 - i. proposed transfer by Omesti of its rights and interests under the TMBSSP Contracts in respect of the Telekom Malaysia Berhad business support system project to MSB for a consideration to be

FURTHER INFORMATION

- determined at a later date following a valuation exercise to be conducted (“Proposed Transfer of TMBSSP Contracts”);
- ii. proposed acquisition by MSB from Omesti of the entire equity interest held in Formis Research & Development Sdn Bhd (“FRDSB”), which is carrying out certain electronic services development and maintenance projects (“Electronic Services Projects”), for a consideration to be determined at a later date following a valuation exercise to be conducted (“Proposed Acquisition of FRDSB”); and
 - iii. proposed acquisition by MSB from MYHB of the entire equity interest held in Omesti Assist Sdn Bhd (“OASB”), which is also carrying out the Electronic Services Projects, for a consideration to be determined at a later date following a valuation exercise to be conducted (“Proposed Acquisition of OASB”).

The Parties had on 12 April 2022 mutually agreed to extend the effective period of the HOA for another three (3) months, subject to any further extension as may be mutually agreed upon between the Parties. The HOA had expired and lapsed on 18 July 2022 and no further extension of time had been agreed between the Parties.

- ii) Joint Venture and Shareholders’ Agreement (“JVSA”) dated 1 January 2023 entered into between MSB and Kinexure Sdn Bhd (“Kinexure”) (collectively referred to as the “Parties”) for the purpose of regulating the conditions for and operations of a company, namely Microlink Kinexure Sdn Bhd (“JV Company”). The purpose of the JVSA is to formalise a collaboration between the Parties to provide information technology management and consultancy services through the JV Company for any works awarded to MSB or Kinexure.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Ho Hup Tower – Aurora Place, 2-07-01 – Level 7, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur during office hours from Mondays to Fridays (except public holidays) from the date of this Circular until the date of the 20th AGM:

- (i) Constitution of MSB;
- (ii) The audited consolidated financial statements of MSB for the past two (2) financial years ended 31 March 2022 and 31 March 2023;
- (iii) The relevant cause papers in respect of the material litigation referred to in Section 2 above; and
- (iv) The material contracts referred to in Section 3 above.



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

EXTRACT RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING 20TH ANNUAL GENERAL MEETING

**ORDINARY RESOLUTION 8
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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