NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) : FUND RAISING MICROLINK SOLUTIONS BERHAD ("MICROLINK" OR "COMPANY") - PROPOSED RIGHTS ISSUE WITH WARRANTS

MICROLINK SOLUTIONS BERHAD

Type	Announcement
Subject	NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) FUND RAISING
Description	MICROLINK SOLUTIONS BERHAD ("MICROLINK" OR "COMPANY") - PROPOSED RIGHTS ISSUE WITH WARRANTS

Reference is made to the Company's announcements dated 15 March 2024 and 26 April 2024 in relation to the proposed renounceable rights issue of redeemable preference shares with warrants ("**Proposed Rights Issue of RPS with Warrants**") and the proposed amendments to the Constitution of the Company ("**Proposed Constitution Amendments**"), collectively referred to as the "**First Proposals**".

On behalf of the Board of Directors of Microlink ("**Board**"), M&A Securities Sdn Bhd wishes to announce that the Board has decided not to proceed with the First Proposals. The Board has reconsidered the Proposed Rights Issue of RPS with Warrants in its entirety to address the negative cash flow position of the Company and its subsidiaries ("**Group**") and has decided to abort the First Proposals.

In its place and after reassessing the market sentiment and the Group's cash flow position and financial commitments for the next 12 months, the Board proposes to undertake a renounceable rights issue of up to 536,198,080 new ordinary shares ("**Rights Shares**") together with up to 536,198,080 free detachable warrants ("**Warrants**") in Microlink on the basis of 1 Rights Share with 1 Warrant for every 2 existing ordinary shares held by the entitled shareholders of the Company, at an issue price and on an entitlement date to be determined later ("**Proposed Rights Issue with Warrants**").

Further details of the Proposed Rights Issue with Warrants are set out in the attachment.

This announcement is dated 27 November 2024.

Please refer attachment below.

Attachments

Microlink - Announcement.pdf
307.2 kB

Announcement Info

Company Name	MICROLINK SOLUTIONS BERHAD
Stock Name	MICROLN
Date Announced	27 Nov 2024
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MICROLINK SOLUTIONS BERHAD ("MICROLINK" OR "COMPANY")

- **PROPOSED RIGHTS ISSUE WITH WARRANTS**

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Further details of the Proposed Rights Issue with Warrants are set out in Section 2 below.

2. PROPOSED RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Proposed Rights Issue with Warrants

As at 15 November 2024, being the latest practicable date prior to this announcement ("**LPD**"), the Company has an issued share capital of RM166,259,528 comprising 1,072,396,160 Microlink Shares. As at the LPD, the Company does not hold any treasury shares and does not have any outstanding convertible securities.

The Proposed Rights Issue with Warrants entails the issuance of up to 536,198,080 Rights Shares together with up to 536,198,080 Warrants to be implemented on a renounceable basis of 1 Rights Share together with 1 Warrant for every 2 Shares held, at an issue price to be determined and announced by the Board at a later date. The Rights Shares will be offered to the shareholders of Microlink whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later ("**Entitlement Date**").

The basis of 1 Rights Shares together with 1 Warrant for every 2 Shares was arrived at after taking into consideration, amongst others, the following:

(i) the indicative amount of proceeds that may be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in Section 3 of this announcement; and

(ii) the number of new Shares which will arise from the exercise or conversion of outstanding convertible equity securities (i.e. Warrants and convertible preference shares (if any)) does not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The Entitlement Date will be determined by the Board after obtaining the approvals for the Proposed Rights Issue with Warrants from all relevant authorities and the shareholders of the Company.

The Warrants attached to the Rights Shares will be issued free to each entitled shareholder based on his entitlement to the Proposed Rights Issue with Warrants and upon the acceptance and subscription of his Rights Shares entitlements.

Fractional entitlements under the Proposed Rights Issue with Warrants if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit and expedient and in the best interest of the Company.

The actual number of Rights Shares and Warrants to be issued will depend on the total number of issued Shares held by the entitled shareholders on the Entitlement Date.

The indicative salient terms of the Warrants are set out in Section 2.4 below.

2.2 Renunciation of the Rights Shares

The Rights Shares with Warrants will be provisionally allotted to the entitled shareholders who may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants. Accordingly, entitled shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded as an individual class of new securities on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The renunciation of the Rights Shares by the entitled shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Proposed Rights Issue with Warrants. If the entitled shareholder decides to accept only part of his Rights Shares entitlements, he shall be entitled to the Warrants in the proportion of his acceptance and subscription of his Rights Shares entitlements. For the avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

Any Rights Shares with Warrants which are not taken up or validly taken up will be made available for excess applications by other entitled shareholders and/or their renouncees and/or transferee(s), if any. It is the intention of the Board to allocate the excess applications received for the Rights Shares, if any, in a fair and equitable manner and on a basis to be determined by the Board.

2.3 Pricing of the Rights Shares and the Warrants

(a) Rights Shares

The issue price of the Rights Shares will be determined by the Board at a later date after taking into consideration, amongst others, the following:

(i) the historical share price of Microlink;

(ii) the resultant theoretical ex-rights price of Microlink Shares ("**TERP**") based on the volume weighted average market price of Microlink Shares for the 5 market days ("**5D-VWAP**") immediately prior to the price-fixing date; and

(iii) the indicative funding requirements of the Group as set out in Section 3 of this announcement.

The Board proposes to fix the issue price of the Rights Shares at a discount range of between 10% and 30% of the TERP. The discount range of between 10% and 30% of the TERP was determined by the Board after taking into consideration the need for the Company to price the Rights Shares at a price deemed sufficiently attractive to encourage shareholders to subscribe for their entitlements under the Proposed Rights Issue with Warrants and to enable the Group to raise the indicative funds for the utilisation as set out in Section 3 of this announcement.

For illustrative purposes, an illustrative issue price of RM0.10 per Rights Share ("**Illustrative Issue Price**") represents a discount of approximately 18.63% to the TERP of Microlink Shares of RM0.1229 per Share, calculated based on the 5D-VWAP of Microlink Shares up to and including the LPD of RM0.1344 per Share.

Illustration of the derivation of TERP

$$TERP = \frac{(P \times Y) + (X \times Z)}{Y + Z}$$

$$TERP = \frac{(0.1344 \times 1{,}072{,}396{,}160) + (0.10 \times 536{,}198{,}080)}{1{,}072{,}396{,}160 + 536{,}198{,}080}$$

$$TERP = 0.1229$$

Where:

P	=	5D-VWAP of existing Shares up to and including the LPD
Y	=	Existing number of issued shares of Microlink
X	=	Illustrative Issue Price
Z	=	Number of Rights Shares

(b) Warrants

The Warrants are attached to the Rights Shares without cost and will be issued only to entitled shareholders who subscribe for the Rights Shares.

The exercise price of the Warrants will be determined by the Board at a later date, after taking into consideration the share price and TERP of Microlink Shares. The Board proposes to fix the exercise price of the Warrants at a discount range of between 10% and 30% of the TERP. The discount range of between 10% and 30% of the TERP was determined by the Board after taking into consideration the need for the Company to price the Warrants at a price that deems the Warrants attractive for the purposes of enhancing the subscription level of the Rights Shares.

For illustrative purposes, an illustrative exercise price of RM0.10 per Warrant ("**Illustrative Exercise Price**") represents a discount of approximately 18.63% to the TERP of Microlink Shares of RM0.1229.

The Board is of the opinion that the pricing of the issue price of the Rights Shares and the exercise price of the Warrants at a discount range of between 10% and 30% to the TERP is in the best interest of the Company:

(A) to encourage the entitled shareholders to subscribe for their respective entitlements under the Proposed Rights Issue with Warrants;

(B) to facilitate the raising of indicative funding requirements as set out in Section 3 below; and

(C) to encourage Warrant holders to exercise their Warrants and raise additional funding for the Group.

2.4 Indicative Salient Terms of the Warrants

The indicative salient terms of the Warrants attached to the Rights Shares are set out below:

Terms		**Details**
Issuer	:	Microlink
Issue Size	:	Up to 536,198,080 Warrants
Form and denomination	:	The Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company ("**Deed Poll**")
Tenure	:	5 years commencing from and inclusive of the date of issuance of the Warrants.
Exercise price	:	The exercise price of the Warrants shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the Entitlement Date. The exercise price and/or the number of outstanding Warrants shall be subject to adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The Warrants may be exercised at any time during the tenure of 5 years including and commencing from the issue date of the Warrants until 5.00 p.m. on the day immediately preceding the 5th anniversary of the issue date of the Warrants. If such expiry date is not a market day, then it shall be the next market day immediately after the said non-market day. The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse.
Mode of Exercise	:	The holders of the Warrants must complete and sign the exercise form (which shall be irrevocable) and deliver the duly completed exercise form to the Company or the Company's share registrar together with a remittance of the exercise money by way of cashier's order or banker's draft drawn on a bank operating in Malaysia or money order or postal order drawn on a post office operating in Malaysia, in accordance with the provisions of the Deed Poll. The payment of such remittance must be made in Ringgit Malaysia.
Exercise Rights	:	Each Warrant entitles the registered Warrant holder to subscribe for 1 new Microlink Share at the exercise price during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll, which is to be executed.
Mode of Transfer	:	The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as the Board and Bursa Securities may approve.

Terms		Details
Board Lot	:	The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Microlink Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Participating rights of the Warrant holders	:	The Warrant holders are not entitled to any voting rights or participation in any dividends, rights, allotments and/or other form of distributions in the Company until and unless such holders of the Warrants exercise their Warrants into new Microlink Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	As long as any of the exercise rights remain exercisable, where a resolution has been passed for a member's voluntary winding-up of the Company, or where there is a compromise or arrangement, then: (a) For the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and (b) In any other case and to the extent permitted by law, every Warrant holder shall be entitled within 6 weeks after the passing of such resolution for a member's voluntary winding-up of the Company or within 6 weeks after the granting of the order by the High Court of Malaya approving the compromise or arrangement, to exercise his Warrants by irrevocably surrender his Warrants to the Company together with the duly completed exercise form and remittance of the exercise money, and be treated as if he had exercised the Warrants immediately prior to the commencement of such winding-up, compromise or arrangement and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such action, and the liquidator of the Company will give effect to such election accordingly. If the Company is wound up, all exercise rights which have not been exercised within 6 weeks of either the passing of such resolution or the granting of the order by the High Court of Malaya for the approval of such compromise or arrangement, shall lapse and the Warrants shall cease to be valid for any purpose.
Modification of rights of Warrant holder	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.
Adjustments in the exercise price and/or number of Warrants	:	The exercise price and/or the number of Warrants held by each Warrant holder may from time to time be adjusted in the event of any alteration to the share capital of the Company in accordance with the provisions as set out in the Deed Poll.

Terms		**Details**
Further Issues	:	Subject to the provisions of the Deed Poll, the Company will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. The Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by the Company in general meeting.
Listing	:	The Warrants will be listed on the Main Market of Bursa Securities.
Governing Law	:	Laws of Malaysia.

2.5 Subscription basis, undertakings and underwriting arrangements

The Proposed Rights Issue with Warrants will be undertaken on a full subscription basis and underwriting arrangement will be made on the entire 536,198,080 Rights Shares. The underwriting commission payable to the underwriter and all other costs in relation to the underwriting will be fully borne by the Company. The underwriting arrangement will be finalised at a later date prior to the despatch of the abridged prospectus.

The Company will ensure that the underwriting arrangements will not result in the following:

(a) any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders; and

(b) any consequences of mandatory general offer obligations pursuant to the Malaysian Code on Take-Overs and Mergers, 2016 ("**Code**") and the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("**SC**") ("**Rules**") immediately after the completion of the Proposed Rights Issue with Warrants.

As disclosed in Section 6 of this announcement, assuming none of the entitled shareholders subscribe for their entitlements for the Rights Shares, the total number of Rights Shares underwritten by the underwriter will be 536,198,080 Rights Shares. In consequence thereof, the shareholdings of the underwriter will increase from 0% to 33.33%. The underwriting arrangement is not intended to result in the underwriter triggering the obligation to undertake a mandatory general offer for all the remaining securities of the Company not already held by the underwriter in accordance with the Rules. As such, the underwriting arrangement may comprise the following:

(i) engaging several joint underwriters to underwrite the 536,198,080 Rights Shares ;and/or

(ii) having in place, a placement arrangement by the underwriter with independent placees wherein the underwriter will place the Shares which the underwriter is required to underwrite by way of allotment of the Rights Shares directly to the placees.

The Company will procure assurance from the underwriter(s) that they will at all times observe and ensure compliance with the provisions of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

2.6 Ranking of the Rights Shares, the Warrants and the new Microlink Shares to be issued arising from the exercise of Warrants

The Rights Shares and the new Microlink Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, rank equally in all respects with the then existing Microlink Shares, save and except that such new Microlink Shares will not entitle its holders any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company prior to the relevant date of allotment.

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in Microlink until and unless the Warrant holders exercise their Warrants for new Microlink Shares.

2.7 Listing of and quotation for the Rights Shares and Warrants

The Company will withdraw its additional listing application which was made on 26 April 2024 and resubmit a fresh application to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as the listing of and quotation for the following on the Main Market of Bursa Securities:

(i) Rights Shares;

(ii) Warrants; and

(iii) new Microlink Shares to be issued from the exercise of the Warrants.

2.8 Fund raising exercises in the last 12 months

Save for the Proposed Rights Issue of RPS with Warrants which was announced on 15 March 2024 and for which the Board has decided to abort and to be replaced with this Proposed Rights Issue with Warrants, the Company has not undertaken any fund-raising exercises in the last 12 months prior to the LPD.

3. UTILISATION OF PROCEEDS

3.1 Proceeds from the Proposed Rights Issue with Warrants

Based on the Illustrative Issue Price, the gross proceeds to be raised is envisaged to be utilised for the following purposes:

Purpose	**RM'000**	**%**	**Expected time frame for utilisation of proceeds from date of listing of the Rights Shares**
Repayment of borrowings	20,820[(i)]	38.8%	Within 3 months
Working capital	10,300[(ii)]	19.2%	Within 12 months
Project expenses	15,000[(iii)]	28.0%	Within 12 months
Research & development ("**R&D**") expenses	5,000[(iv)]	9.3%	Within 12 months

Purpose	RM'000	%	Expected time frame for utilisation of proceeds from date of listing of the Rights Shares
To defray estimated expenses relating to the Proposed Rights Issue with Warrants	2,500[(v)]	4.7%	Within 1 month
	53,620	**100.0**	

Notes:

(i) As 31 October 2024, the total outstanding principal amount of the Group's total borrowings stood at RM43.35 million, comprising invoice financing facilities, overdraft and hire purchase facilities. Out of the total RM43.35 million borrowings, RM34.24 million is repayable within 12 months and RM9.11 million is repayable after 12 months. The breakdown of the Group's bank borrowing facilities are as follows:

Categories	RM'000	Tenure	Interest rate
Overdraft			
Overdraft	2,490	-	8.35%
Invoice financing			
Trust receipt 1	15,253	65 – 118 days	7.70%
Trust receipt 2	16,498	111 – 119 days	8.20%
Hire purchase			
Hire purchase	9,106	24 months	6.16%
Total	**43,347**		

Up to RM20.82 million is proposed to be earmarked to repay bank borrowings. As the exact amount of the proceeds that may be raised by the Company would depend on the number of Rights Shares to be issued, the issue price of the Rights Shares and the timing of the listing of the Rights Shares, as at the LPD, the Group is unable to determine the exact bank borrowings which it will repay and the quantum of such repayment. Nonetheless, the Board shall prioritise repayment of bank borrowings with impending maturity followed by the potential interest savings in determining the type of bank borrowings to be repaid and the quantum of repayment.

The proposed repayment of bank borrowings is expected to result in potential finance cost savings of up to RM1.67 million based on the weighted average interest rate of 7.99%.

(ii) Working capital of up to RM10.30 million is proposed to be earmarked for payment of trade payables and office overhead and general administrative expenses such as office rental, utilities and fees for statutory audit, tax and secretarial in relation to the Group's operations.

	RM'000	%
Payment of trade payables	8,000	77.7
General administrative/overheads/ operating expenses:		
▪ Office, warehouse and equipment (such as office printers, photocopiers, laptops) rentals	1,000	9.7
▪ Utilities and other overheads	800	7.8
▪ Fees for statutory audit, tax and secretarial	500	4.8
	10,300	**100.0**

As at 31 October 2024, the total outstanding trade payables of the Group amounts to RM51.85 million, of which RM51.07 million has exceeded the credit terms. The Group intends to utilise up to RM8.00 million to repay aged outstanding trade payables. The ageing analysis of the outstanding trade payables as at 31 October 2024 is as follows:

	Outstanding trade payables as 31 October 2024
	RM' million
Within 1 month	0.78
1 to 2 months	27.30
3 to 6 months	9.23
More than 6 months	14.54
Total	**51.85**

(iii) As a technology solutions provider, the Group leverages on various technology products and solutions to create tailored information technology ("**IT**") solutions for companies to address its specific business needs. The Group has earmarked up to RM15.00 million of the proceeds to be raised from the Proposed Rights Issue of Warrants for the following projects:

Client	**Project scope**	**Project value**	**Estimated utilisation of proceeds**	**Duration**
		RM' million		
Financial Services				
FSI Project 1	Implementation, upgrade and maintenance of a core banking system for a local cooperative bank *Definition: Kindly refer to Section 5.3(a) for the definition of core banking*	48.55	1.40	November 2022 – November 2027
FSI Project 2	Provision of maintenance and support services of a loan management system for a statutory body	17.79	1.30	April 2023 – March 2028
FSI Project 3	Implementation and maintenance of a new core banking system for an Islamic financial institution in Brunei	56.45	2.90	April 2024 – April 2030
Non-Financial Services				
Enterprise Project 1	Implementation of a data warehouse system which includes audit analytics, for a national government agency *Definition: A data warehouse consolidates multiple data sources to a centralised data management system to enable business intelligence analytics and decision support*	28.97	4.40	August 2023 – July 2026

Client	Project scope	Project value	Estimated utilisation of proceeds	Duration
		RM' million		
Enterprise Project 2	Implement, design, develop and supply advanced passenger screening system for a national government agency *Definition: Advance passenger screening delivers real-time passenger and crew data to the government's immigration databases, enhancing the government's ability to target security concerns and streamlines border clearance process for travellers*	83.51	5.00	November 2024 – November 2026
	TOTAL	**235.27**	**15.00**	

The Group's scope of work for its projects generally encompasses hardware and/or software purchases, design and development, implementation as well as maintenance and support. The bulk of the project expenses are associated with the engagement of external specialists to supplement the Group's internal team. The Group takes into consideration various factors, including the complexity of the project requirements, cost effectiveness and project timeline in deciding its resources planning of its employees and temporary/external subcontract personnel, to ensure the right balance between internal resources and external subcontract costs. External subcontract personnel are mainly involved in niche and/or specialised solution design and implementation, as well as, provision of on-site and remote technical support and troubleshooting diagnosis.

(iv) As technology continues to advance, customers of financial institutions are increasingly demanding digital banking services. The Group's core banking solution provides the foundation for the Group's clients to offer innovative digital services, and transform their business model to stay competitive in the digital age. As a provider of core banking solutions, the Group needs to leverage technology to meet these expectations as innovation is the key to thriving. As such, the Group proposes to earmark up to RM5.00 million of gross proceeds to be raised for R&D expenses to develop its own proprietary mobile banking software module. Mobile banking applications enabled by core banking systems allow customers of financial institutions to make transactions, and access financial services using their smartphones. The continued development and enhancement of the Group's core banking software enables the Group to stay competitive and meet the evolving needs of its clients by providing a more comprehensive suite of offerings.

(v) The estimated expenses inclusive of sales and service tax consist of professional fees, fees payable to authorities, underwriting fee, expenses to convene the general meeting, printing, advertising and other incidental expenses in relation to the Proposed Rights Issue with Warrants, the breakdown of which is as follows:

	RM'000
Professional fees	769
Underwriting fee	1,447
Regulatory fee	108

	RM'000
Printing, despatch, advertising and meeting expenses	135
Contingencies	41
	2,500

If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from the Group's working capital. Conversely, any surplus of funds following payment of expenses will be utilised to repay trade payables as mentioned in note (ii) above.

Pending utilisation of the proceeds from the Proposed Rights Issue with Warrants for the above purposes, the proceeds will be placed in interest-bearing deposits and/or short term money market instruments with financial institutions, as the Board, in its absolute discretion, deems fit and in the best interest of the Group. The interest income derived from the short-term placements will be used as additional working capital of the Group.

3.2 Proceeds from the exercise of Warrants

The exact amount of the proceeds that may be raised by the Company upon exercise of the Warrants would depend on the exercise price of the Warrants and the actual number of Warrants exercised during the tenure of the Warrants. As such, the timeframe for which the proceeds will be used cannot be determined at this juncture.

For illustration purpose, based on the Illustrative Exercise Price and assuming full exercise of the Warrants, the Company will raise proceeds of up to RM53.62 million.

The Company proposes to utilise the proceeds to be received from the exercise of the Warrants as and when received in the following manner:

Proposed utilisation	Notes	% of proceeds received
New projects	(i)	70%
Working capital	(iii)	30%

Notes:

(i) The Company intends to utilise part of the proceeds to part pay for the expenses for new projects to be obtained. The Group's scope of work for new projects generally encompasses hardware and/or software purchases, design and development, implementation as well as maintenance and support. The bulk of the expenses for the new projects comprises salaries and statutory contribution for the Group's internal team to design, develop and implement software as well as payment by the Group to engage external specialists (to supplement the Group's internal team).

(ii) The proceeds allocated for working capital are proposed to be utilised to finance the day-to-day operations of the Group's business including amongst others, payment to trade and other creditors, and general administrative/operating expenses such as rental, utilities, telephone charges and sundry expenses. The actual utilisation may vary and is dependent on the Group's working capital requirements at that relevant point in time. Nonetheless, the Company proposes to utilise such proceeds received in the following manner:

Proposed utilisation	% of proceeds received
Payment to trade and other creditors	80%
General administrative/overheads/operating expenses	20%

If the nature of the transaction in which the excess funds are to be deployed requires shareholders' approval under the Listing Requirements, the Company will seek the necessary approval(s) from the shareholders at a general meeting to be convened.

Pending utilisation of such proceeds, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to fund project expenses.

4. RATIONALE OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The Proposed Rights Issue with Warrants is to provide the Group with a funding solution to meet its financial needs for the next 12 months and to recapitalise the Company's capital position to support the continuous business growth of its subsidiaries.

Although originally the Company had proposed to undertake the Proposed Rights Issue of RPS with Warrants as it would not to result in an immediate dilution in the shareholders' shareholdings, after taking into account the Group's current negative cash flow position and after reassessing its financial commitments and growth opportunities for the next 12 months, the Board has decided to abort the Proposed Rights Issue of RPS with Warrants and to instead undertake the Proposed Rights Issue with Warrants to obtain sufficient cash flow for the Group's operations.

For the most recent financial year, the Group recorded a loss after tax ("**LAT**") of RM27.81 million as compared to a profit after tax of RM26.03 million for the FYE 31 March 2023. The loss was partly due to lower gross profit, which decreased by RM39.83 million (55.88%) from RM71.26 million in the FYE 31 March 2023 to RM31.44 million, following the completion of the implementation phase project milestone for a significant project in the FYE 31 March 2023.

In addition, the following factors also contributed to the Group's losses:

(a) one-off impairment losses on trade receivables amounting to RM11.33 million was provided for as a result of the clients of two of the Group's overseas projects under its Financial Services and Enterprise Solutions segments, having defaulted in payment;

(b) higher recurring software development expenses of RM14.17 million for the Group's Financial Services segment in order to meet projects' expectations within the delivery timeline; and

(c) one-off inventories write-off amounting to RM0.38 million from the Group's Distribution Services segment due to unsaleable units arising from non-receipt of payment from one of the Group's clients.

The Group's operating cash flow for the FYE 31 March 2024 decreased significantly to negative RM27.96 million, a decrease of RM32.66 million from RM4.70 million in the preceding financial year, mainly due to:

(i) late payments from trade and other receivables amounting to RM52.35 million mainly from the Group's Enterprise Solutions segment; and

(ii) higher purchases of contract costs and inventories amounting to RM17.43 million to fulfil the expectation of the tight delivery timeline of projects under the Group's Financial Services segment as well as to cater for the incremental demands from projects under the Group's Distribution Services segment which collection is only received after the contract has been fulfilled.

	Audited FYE 31 March		Unaudited FPE 30 September	
	2023	**2024**	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
Financial Services	64,954	40,217	25,427	33,192
Enterprise Solutions	58,955	56,636	23,413	13,525
Distribution Services	122,739	180,766	83,825	127,603
Solutions Delivery	1,800	3,668	1,800	-
	248,449	**281,287**	**134,465**	**174,320**
PAT/(LAT)				
Financial Services	15,722	(12,704)	2,375	(30,342)
Enterprise Solutions	10,567	(20,897)	(1,984)	(58,140)
Distribution Services	562	6,732	3,206	2,428
Solutions Delivery	(817)	(936)	235	-
	26,033	**(27,805)**	**3,832**	**(86,054)**
Operating cash flow	4,699	(27,956)	(6,388)	602
Cash and bank balances	33,676	13,464	23,697	14,302

On 27 November 2024, the Company announced a significant one-off impairment on the Group's software development expenditure amounting to RM78.66 million as well as goodwill impairment of RM3.33 million, in its consolidated results for the 6-months FPE 30 September 2024, which resulted in a further deterioration in the earnings of the Group for the latest quarter.

The main objective of the Proposed Rights Issue with Warrants is to recapitalise the financial and operational viability of the Group to a better financial standing, hence, alleviating the financial burden on the Group's operational obligations. The funds to be raised will allow the Group to partially repay its aged trade payables as well as existing borrowings which carry a high interest cost. The proposed borrowings repayment is expected to result in interest savings of up to RM1.67 million.

The Proposed Rights Issue with Warrants is expected to provide the Group with an adequate level of capital buffer for the next 12 months to meet its financial needs and to fund the Group's business initiatives (growth plan) and day-to-day operations without incurring interest cost which will enable the Group to continue funding its on-going development costs and expenditures for its various projects.

For the past few months, the Group has taken concerted efforts to closely monitor slow paying trade receivables to ensure collectability of debts. Prompt reports on slow paying and overdue customers are made available to senior management for immediate actions to be taken such as negotiations with slow paying clients, issuance of warning letters and where required, external legal letter of demand.

After considering the current financial position of the Group, the Board is of the opinion that the Proposed Rights Issue with Warrants is an appropriate method of raising funds as:

(a) The Proposed Rights Issue with Warrants is undertaken to enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings or issuance of debt instruments, thereby minimising any potential cash outflow in respect of interest servicing costs; and

(b) The Proposed Rights Issue with Warrants provides an opportunity for the entitled shareholders to participate in the equity offering of the Company on a pro-rata basis as it involves the issuance of new Microlink Shares without diluting the entitled shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants subsequently.

The Warrants, which are attached to the Rights Shares are intended to provide an added incentive to the entitled shareholders to subscribe for the Rights Shares. Further, it provides the entitled shareholders with the opportunity to increase their equity participation in the Company at a pre-determined price during the tenure of the Warrants and will allow the entitled shareholders to further participate in the future growth of the Company as and when the Warrants are exercised. The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the ICT industry in Malaysia

Looking ahead towards 2024, Malaysia faces the challenge of both a less robust global economic outlook combined with Malaysia's fiscal constraints. One of the Government's efforts to bolster long-term sustainability of the nation, strengthen public confidence and rebuild investor confidence is anchored towards digitalisation of the economy. The digital economy is an important enabler to drive Malaysia towards equitable, inclusive, and sustainable growth.

In advancing the national digitalisation agenda, funding has been channelled to boost internet penetration, aiming for full 4G coverage across all populated areas in Malaysia, increasing the rollout of the 5G network in total populated areas as well as enhancing the country's legal framework and coordinating initiatives to combat cyber security threats effectively. Additionally, in strengthening the security of customers' online banking experiences, Bank Negara Malaysia has mandated a "kill switch" policy for all banking institutions. This strategic policy has been successfully implemented by several banks, reinforcing the security measures and raising customers' confidence in online banking transactions. These multipronged strategies underline the Government's commitment in fortifying cyber security and preserving the integrity of the nation's digital landscape.

Smart Industry, often referred to as Industry4WRD, is reshaping the landscape of manufacturing, distribution, and product innovation. The combination of digitalisation and mechanisation within smart industries holds immense potential and bodes well with the nation's vision of ascending to a high-income and knowledge-driven economy. Various initiatives are in place to expedite digital adoption and automation. The Government continues to support policies that promote manufacturing transformation, advance economic complexity and technological adoption, as well as prioritise economic security and inclusivity to ensure a digitally vibrant and sustainable nation.

In line with the commitment to technological advancement and innovation, the Government will cultivate a conducive and enabling environment aimed at encouraging industries to adopt cutting-edge technologies and innovative business models. This encompasses a multifaceted approach, which promotes investment in R&D, enhances digital infrastructure, and streamlines cyber security laws to ensure the security of smart industries. Moreover, educational and training programmes will be transformed to equip the workforce with the necessary digital skills and provide robust support mechanisms for businesses. Likewise, the regulatory framework will continuously be reviewed to stay abreast with the rapid technological changes, while fostering collaboration among regulators, research institutions and industry players to stimulate seamless integration of new technologies across jurisdictions.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia released on 13 October 2023)

The latest figures released by the Department of Statistics estimates a digital economy contribution of RM359.3 billion to gross domestic product for a 23.2% share of the national economy in 2021. The projected growth rates of 9.3%, 9.2% and 9.5% for 2022 – 2024 are a significant improvement from the pre-pandemic years up to 2019. The digital economy is poised to reach 24.4% in gross domestic product contribution in 2023 and achieve the Government's goal of 25.5% share of the national economy a year earlier than expected in 2024. The National Tech Association of Malaysia ("**PIKOM**")'s projections indicate the size of the digital economy will also reach RM428.8 billion in 2023 and RM469.5 billion in 2024, and in all probability, breach the half-trillion ringgit milestone by 2025.

(Source: Economic and Digital Job Outlook in Malaysia 2023, published by PIKOM, October 2023)

5.2 Overview of the ICT sector in Malaysia

ICT refers to the technologies and services that enable information to be accessed, stored, processed, transformed and disseminated, including the transmission or communication of voice, image and/or data over a variety of transmission media. In Malaysia, the ICT industry contributes to enhancing overall national productivity, where it has evolved beyond technological tools to become a socio-economic enabler and key driver of businesses. The ICT sector in Malaysia, based on industry revenue, increased from RM138.8 billion in 2019 to RM170.5 billion in 2023 at a compound annual growth rate ("**CAGR**") of 5.3%. The ICT sector encompasses the ICT products and services industry as well as enterprise IT industry.

Providence Strategic Partners Sdn Bhd, the independent market researcher appointed by the Company, projects the ICT sector in Malaysia to grow from RM170.5 billion in 2023 to RM202.1 billion by 2026 at a CAGR of 5.8%, driven by:

- the increasing demand for IT system integration services, given an increased penetration rate for IT systems used in enterprises;
- favourable government initiatives aimed at boosting the country's digital economy; and
- an increasing demand for IT consultancy services as well as system operations, maintenance and support services due to the rising number of end-users and growing complexity of enterprise IT systems.

ICT products and services are important for businesses to support and improve their business operations, and it encompasses the supply of devices used for communicating, networking, transmitting and receiving of information. ICT services enable the usage of ICT products, and encompass ICT products set-up, software installation, networking services, security management solutions and telecommunication services. As businesses grow and expand, the demand for ICT products and services also increases to facilitate growth. Further, ICT products may be replaced periodically to upgrade IT infrastructure as part of the businesses' continuous effort to enhance the efficiency of business operations, improve productivity and reduce maintenance costs of old devices. This is in line with the fourth industrial revolution (Industry 4.0) which drives businesses to invest in new technologies (e.g. ICT products, systems and machineries) to streamline operational processes, boost productivity, increase people collaboration, increase workforce and machinery interconnectivity through the internet of things (IoT), and leverage on data analytics to make data-driven decisions.

The enterprise IT solutions industry in Malaysia is characterised by enterprise spending on IT consulting and implementation services as well as operations, maintenance and support services. Enterprise IT solutions are critical for businesses and organisations regardless of sector as these services support the digitisation and automation of work streams. Organisations rely on the use of various enterprise IT solutions to improve their operations, processes and productivity. The COVID-19 pandemic highlighted an aspect of technology that is not as distinctly apparent in more normal times – business continuity. While the ability of enterprise IT solutions to mitigate abrupt business changes has been noted in the past, the extensive reliance on enterprise IT solutions to maintain widespread and fundamental business continuity has never been experienced on such a large scale.

Within the financial services sector, financial institutions rely on ICT products and services as well as enterprise IT solutions to deliver innovative financial products faster, improve quality of services, lower risk, enhance compliance and achieve higher client satisfaction. Malaysia's financial system consists of the conventional financial system and the Islamic financial system which co-exists and operates in parallel. The banking system, comprising commercial banks, investment banks and Islamic banks, is the primary mobiliser of funds and the main source of financing which supports economic activities. Other financial service firms include brokerage firms, insurance companies and fund management companies.

(Source: Providence Strategic Partners Sdn Bhd)

5.3 Prospects of the Group

The Group brings together a range of enterprise and 'as a service' solutions for infrastructure, platform and software provider to serve multiple industries within the private and public sectors. The Group's principal activities are organised under 4 main pillars:

- provision of business and technical services to financial institutions ("**Financial Services**");
- provision of emerging technologies for enterprise ("**Enterprise Solutions**");
- distribution and maintenance of computer equipment and software ("**Distribution Services**"); and
- provision of project and software solutions delivery services ("**Solution Delivery**").

(a) Financial Services

The Group serves the financial services industries with its multi-module core banking and insurance solutions, catering to both conventional and Islamic requirements. Core banking is a centralised back-end system that allows financial institutions' customers or business bodies to carry on business operations regardless of the bank's or insurance company's branch. The term 'CORE' stands for Centralized Online Real-time Environment, which implies that financial institutions' customers can experience the bank or insurance company as a single entity, regardless of location – with the main objective of core banking solutions to offer customised offerings and independence for financial institutions' customers in terms of using their accounts and conducting transactions from any location in the world. The entire banking or insurance application is based on a centralised server and the financial services are enabled to be available in multiple channels through automated teller machines, internet, mobile and in branches. Key core banking services include account opening, transactions processing, loans issuing and servicing etc.

(b) Enterprise Solutions

Enterprise solutions include software and applications designed to integrate the multiple facet needs of an organisation through the interchange of information from various business process areas and related databases. Enterprise solutions enable organisations to retrieve and disseminate critical data to a centralised location, providing managers with real-time operating information. The Group leverages on cloud, mobile, analytics and data to develop cost-effective, subscription-based solutions for organisations of all sizes. The Group implements and integrates the solutions into its clients' database to ensure seamless process flow within the business support and operation ecosystem. The implementation of IT systems, Internet of Things, cloud services and multiple device application helps clients achieve optimum efficiency and cost-savings which in addition, drive innovation and transform the clients' interaction with their internal and external users. Key customers include retail, public sector and telecommunication organisations.

(c) Distribution Services

The Group is a distributor of IT hardware and software, which includes enterprise range servers, storage systems, cloud products, engineered systems and solutions, and cybersecurity solution of leading industry principals. The business serves a channel network of more than 300 System Integrators (SI), Independent Solution Vendors (ISV), Managed Services Providers (MSP) and Cloud Services Providers (CSP). The Group is the appointed distributor for Alibaba Cloud, Oracle Suite, HP Enterprise, Lenovo, Hitachi Vantara, IBM, Group IB (provider of solutions dedicated to detecting and preventing cyberattacks, identifying online fraud, investigating high-tech crimes, and protecting intellectual property), Hillstone (provider of enterprise network security and risk management solutions) and Stratus Technologies (producer of fault tolerant computer servers and software.

In the current IT market, the demand for cybersecurity, system uptime, and cloud solutions is rapidly growing. To address these needs, the Group is looking to integrate Hillstone, Stratus Technologies, and a major global Cloud service provider to provide a comprehensive solution.

(d) Solution Delivery

The Group focuses on delivery of a range of services spanning project management, design, development, testing, change management and deployment across a range of applications. Its portfolio includes:

- Architecting business applications and systems, defining best practice standards to adopt and ensuring technical integrity and consistency of each solution;
- Bespoke solutions, designed and tailored to address business needs using open source programming languages; and
- Commercial off-the-shelf product development, including IBM, Microsoft and Oracle.

Recent transformation initiatives by the Government have 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 gross domestic product by 2025, creating numerous job opportunities.

The Group expects digitalisation opportunities to translate into 2 primary strategies:

(a) Harnessing of digitalisation initiatives with ready and mature solutions that promote fast turnaround and go-to-market capabilities; and
(b) Driving next-generation solutions that will leverage on the Group's Artificial Intelligence ("**AI"**) capabilities bolstered by strong cyber defense solutions.

The following core fundamentals areas will ensure sustainability of the Group's current businesses and to establish strong growth platforms by staying ahead of the competition in the market:

1. Next-Generation Banking

The next evolution of Digital Banking is based on the principles of virtual and borderless banking. It is fundamentally driven by instant engagement and turnaround time with a high level of automation that requires guided, informed decision making and processes. Customer engagement and AI will form a primary part of the overall solution.

2. AI Platform

   The Group sees AI as being data-driven, experience-driven and the decision-making platform that will amplify efficiency with a high level of precision automation. The Group intends to develop this platform that will be bolstered by various industry data analytical models.

3. Cyber security

   With businesses and processes elevated beyond human intervention, it is imperative that the Group's solution portfolio offers a strong cyber defense solution and technology. As such, focus will be given to developing a built-in cyber defense platform in the Group's Next-Generation Banking and AI Platform. The Company's view is that cyber security needs to be a natural part of these products where cyber security solution is seamlessly built in for optimum guard and protection. The Group sees huge potential in this area, establishing strong partnerships with industry leading cyber security experts and solutions with deep reach and experience in this space.

Despite uncertainties and volatility in the market, the Board is optimistic on the outlook of the Group and the ICT industry for the future financial years due to the increase in the requirement for businesses to transform digitally and automate their operations. This development presents significant potential for the Group to participate in, and capitalise on the opportunities which partnerships with leading technical and industry experts globally have provided the Group with access to a considerable portfolio of technologies, expertise and networks, thus expanding the Group's solution delivery capabilities. The Group is actively participating in the increased demand for businesses to digitally transform and automate their operations and will continue to take measures to ensure that it remains 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.

(Source: Management)

6. FINANCIAL EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The proforma effects herein are presented purely for illustration purposes and should not be regarded as an indication of or reference to the final issue price of the Proposed Rights Issue with Warrants.

6.1 Share capital

The issuance of the Warrants will not have an immediate effect on the issued share capital of the Company until the Warrants are exercised. The pro forma effects of the Proposed Rights Issue with Warrants on the share capital are set out below:

	No. of Shares '000	RM RM'000
Issued share capital as at the LPD	1,072,396	166,260
Rights Shares to be issued	536,198	53,620[(1)]
Provision for Warrant reserve	-	(25,414[(2)])
Share capital after the Proposed Rights Issue with Warrants	1,608,594	194,466
Shares to be issued assuming full exercise of the Warrants	536,198	53,620[(3)]
Reversal of Warrant reserve	-	25,414
Enlarged share capital	**2,144,792**	**273,500**

Notes:

(1) Computed after adjusting for the issuance of 536,198,080 Rights Shares at the Illustrative Issue Price of RM0.10 per Rights Share.

(2) Refers to the illustrative fair value of the Warrants of RM0.09 per Warrant as at the LPD issued free with the Rights Shares (calculated based on the Black-Scholes option pricing model (source: Bloomberg)), which value is allocated proportionally to the gross proceeds.

(3) Computed after adjusting for the issuance of 536,198,080 Warrants at the Illustrative Exercise Price of RM0.10 per Warrant.

6.2 Earnings and earnings per Share ("EPS")

The effects of the Proposed Rights Issue with Warrants on the consolidated earnings of the Company for the FYE 31 March 2025 will depend on, amongst others, the level of returns generated from the utilisation of the proceeds to be raised. Assuming that the consolidated losses of the Company remains unchanged, the consolidated loss per Share ("**LPS**") of the Company will be diluted as a result of the increase in the number of Shares in issue following the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants.

For illustrative purposes only, based on the audited consolidated financial statements of the Company for the FYE 31 March 2024 and assuming the Proposed Rights Issue with Warrants had been effected at the beginning of the financial year, the pro forma effects of the Proposed Rights Issue with Warrants on the consolidated earnings and EPS of the Company are as follows:

	Audited as at 31 March 2024	**After the Proposed Rights Issue with Warrants**
	RM'000	**RM'000**
LAT attributable to owners of the Company	26,836	29,336[1]
No. of shares ('000)	1,072,396	1,608,594
LPS (sen)	2.50	1.82

Note:

(1) After deducting the estimated expenses incidental to the Proposed Rights Issue with Warrants of approximately RM2.50 million.

6.3 NA and gearing

Based on the audited consolidated statements of financial position of the Company as at 31 March 2024 and assuming that the Proposed Rights Issue with Warrants was completed on 31 March 2024, the pro forma effects of the Proposed Rights Issue with Warrants on the consolidated NA per Share and the gearing of the Company are as follows:

	Audited as at 31 March 2024	**After subsequent event**	**After Proposed Rights Issue with Warrants**	**After assuming full exercise of Warrants**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	166,260	166,260	194,466[b]	273,500[f]
Exchange translation reserve	(528)	(528)	(528)	(528)

	Audited as at 31 March 2024	After subsequent event	After Proposed Rights Issue with Warrants	After assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000
Warrant reserve	-	-	25,414[c]	-
Retained earnings	33,228	(48,764)[a]	(51,264)[d]	(51,264)
Equity attributable to owners of the parent	**198,960**	**116,968**	**168,088**	**221,708**
Non-controlling interests	(561)	(561)	(561)	(561)
Total equity	**198,399**	**116,407**	**167,527**	**221,147**
No. of ordinary shares ('000)	1,072,396	1,072,396	1,608,594	2,144,792
NA per ordinary share (RM)	0.185	0.109	0.104	0.103
Interest bearing debts	45,468	45,468	24,648[e]	24,648
Gearing (%)	22.92	39.06	14.71	11.15

Notes:

(a) Computed after adjusting for material events on software development expenditure written off and goodwill impairment of RM81.99 million.

(b) Computed after adjusting for the issuance of 536,198,080 Rights Shares at the Illustrative Issue Price and after adjusting for the illustrative fair value of RM0.09 per Warrant as at the LPD to the warrant reserve account, calculated based on the Black-Scholes option pricing model (*source: Bloomberg*).

(c) After adjusting for the creation of warrant reserve for the issuance of 536,198,080 Warrants at an illustrative fair value of RM0.09 per Warrant as at the LPD, which value is allocated proportionally to the gross proceeds.

(d) Computed after deducting estimated expenses incidental to the Proposed Rights Issue with Warrants of approximately RM2.50 million.

(e) After repayment of borrowings of RM20.82 million.

(f) Computed after adjusting for the issuance of 536,198,080 Warrants at the Illustrative Exercise Price and reversal of the warrants reserve account to the share capital account.

6.4 Substantial shareholders' shareholdings

The proforma effects of the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders of Microlink based on the Register of Substantial Shareholders as at LPD are as follows:

6.4.1 Assuming none of the entitled shareholders subscribe for their entitlements pursuant to the Proposed Rights Issue with Warrants

	As at the LPD				(I) After the Proposed Rights Issue with Warrants[4]			
	Direct		Indirect		Direct		Indirect	
Substantial shareholder	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Omesti Holdings Berhad	314,398	29.32	-	-	314,398	19.54	-	-
Omesti Berhad	-	-	[1]314,398	29.32	-	-	[1]314,398	19.54
Exempt AN for Kenanga Investors Berhad	132,406	12.35	-	-	132,406	8.23	-	-
Kenanga Islamic Absolute Return Fund	100,450	9.37	-	-	100,450	6.24	-	-
Gading Sari Ventures Sdn Bhd	106,250	9.91	-	-	106,250	6.61	-	-
Gading Sari Holdings Sdn Bhd	-	-	[2]106,250	9.91	-	-	[2]106,250	6.61
KBYMM Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah	-	-	[3]106,250	9.91	-	-	[3]106,250	6.61
Underwriter(s)	-	-	-	-	536,198	33.33	-	-

Substantial shareholder	(II) After (I) and assuming full exercise of Warrants[(5)]			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Omesti Holdings Berhad	314,398	14.66	-	-
Omesti Berhad	-	-	[(1)]314,398	14.66
Exempt AN for Kenanga Investors Berhad	132,406	6.17	-	-
Kenanga Islamic Absolute Return Fund	100,450	4.68	-	-
Gading Sari Ventures Sdn Bhd	106,250	4.95	-	-
Gading Sari Holdings Sdn Bhd	-	-	[(2)]106,250	4.95
KBYMM Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah	-	-	[(3)]106,250	4.95
Underwriter(s)	1,072,396	50.00	-	-

Notes:

(1) Deemed interest by virtue of Omesti Holdings Berhad being a wholly-owned subsidiary of Omesti Berhad pursuant to Section 8(4) of the Companies Act 2016 ("**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) Based on the enlarged number of 1,608,594,240 Shares after the Proposed Rights Issue with Warrants.

(5) Based on the enlarged number of 2,144,792,320 Shares after assuming full exercise of Warrants.

6.4.2 Assuming all the entitled shareholders subscribe for their entitlements pursuant to the Proposed Rights Issue with Warrants

Substantial shareholder	As at the LPD				(I) After the Proposed Rights Issue with Warrants[(4)]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Omesti Holdings Berhad	314,398	29.32	-	-	471,597	29.32	-	-
Omesti Berhad	-	-	[(1)]314,398	29.32	-	-	[(1)]471,597	29.32
Exempt AN for Kenanga Investors Berhad	132,406	12.35	-	-	198,609	12.35	-	-
Kenanga Islamic Absolute Return Fund	100,450	9.37	-	-	150,675	9.37	-	-
Gading Sari Ventures Sdn Bhd	106,250	9.91	-	-	159,375	9.91	-	-
Gading Sari Holdings Sdn Bhd	-	-	[(2)]106,250	9.91	-	-	[(2)]159,375	9.91
KBYMM Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah	-	-	[(3)]106,250	9.91	-	-	[(3)]159,375	9.91
Underwriter(s)	-	-	-	-	-	-	-	-

	(II) After (I) and assuming full exercise of Warrants[(5)]			
	Direct		Indirect	
Substantial shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Omesti Holdings Berhad	628,796	29.32	-	-
Omesti Berhad	-	-	[(1)]628,796	29.32
Exempt AN for Kenanga Investors Berhad	264,812	12.35	-	-
Kenanga Islamic Absolute Return Fund	200,900	9.37	-	-
Gading Sari Ventures Sdn Bhd	212,500	9.91	-	-
Gading Sari Holdings Sdn Bhd	-	-	[(2)]212,500	9.91
KBYMM Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah	-	-	[(3)]212,500	9.91
Underwriter(s)	-	-	-	-

Notes:

(1) Deemed interest by virtue of Omesti Holdings Berhad being a wholly-owned subsidiary of Omesti Berhad pursuant to Section 8(4) of 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) Based on the enlarged number of 1,608,594,240 Shares after the Proposed Rights Issue with Warrants.
(5) Based on the enlarged number of 2,144,792,320 Shares after assuming full exercise of Warrants.

6.5 Convertible Securities

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

7. APPROVALS REQUIRED

The Proposed Rights Issue with Warrants is subject to the following approvals being obtained:

(i) Bursa Securities for the:

- admission of the Warrants to the Official List;
- listing of and quotation for the Rights Shares and the Warrants; and
- listing of and quotation for the new Microlink Shares to be issued arising from the exercise of the Warrants;

(ii) shareholders of the Company at a general meeting to be convened; and

(iii) any other relevant authorities and/or persons, if required.

Further to the above, the implementation of the Proposed Rights Issue with Warrants is subject to the registration of the abridged prospectus by the SC.

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

None of the Directors and/or major shareholders and/or major shareholders of the Company and/or chief executive and/or persons connected with them, have any interest, direct or indirect, in the Proposed Rights Issue with Warrants, other than their respective entitlements as shareholders of the Company to subscribe for the Rights Shares under the Proposed Rights Issue with Warrants, to which all shareholders of the Company are entitled to, including the right to apply for additional Rights Shares under the excess Rights Shares application.

9. DIRECTORS' STATEMENT

After having considered all aspects of the Proposed Rights Issue with Warrants, including its rationale, the funding requirements of the Group and the proposed manner of utilisation of the proceeds, the Board is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR SUBMISSION AND COMPLETION

The Proposed Rights Issue with Warrants is expected to be submitted to the relevant authorities within 2 months from the date of this announcement.

Barring any unforeseen circumstances and subject to obtaining all the required approvals, the Proposed Rights Issue with Warrants is expected to be completed by the first half of 2025.

This announcement is dated 27 November 2024.