

Circular/Notice to Shareholders

MICROLINK SOLUTIONS BERHAD

Subject CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 536,198,080 NEW ORDINARY SHARES ("RIGHTS SHARES") IN MICROLINK SOLUTIONS BERHAD ("MICROLINK") TOGETHER WITH UP TO 536,198,080 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 RIGHTS SHARE WITH 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES SUBSCRIBED, AT AN ISSUE PRICE AND ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

Please refer attachment below.

Attachments

Mircolink Circular (Bursa).pdf
2.3 MB

Announcement Info

Company Name	MICROLINK SOLUTIONS BERHAD
Stock Name	MICROLN
Date Announced	18 Apr 2025
Category	Document Submission
Reference Number	DCS-18042025-00015

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 advisers immediately.

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MICROLINK SOLUTIONS BERHAD

(Registration No. 200301018362 (620782-P))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 536,198,080 NEW ORDINARY SHARES ("RIGHTS SHARES") IN MICROLINK SOLUTIONS BERHAD ("MICROLINK") TOGETHER WITH UP TO 536,198,080 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 RIGHTS SHARE WITH 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES SUBSCRIBED, AT AN ISSUE PRICE AND ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M&A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of our Company to be held at Langkawi Room, 2nd Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, together with the Proxy Form are enclosed.

You are entitled to attend, participate, speak and vote at the EGM. If you are unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, the Proxy Form must be completed and lodged at the office of our Company's Share Registrar at Bina Management (M) Sdn Bhd, Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan or email to binawin@binamg168.com, not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof as indicated below. The lodging of the Proxy Form will not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Monday, 5 May 2025 at 10.00 a.m.

Form

Date and time of EGM : Tuesday, 6 May 2025 at 10.00 a.m.

This Circular is dated 18 April 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act 2016
AI	: Artificial Intelligence
BND	: Bruneian Dollar
Board	: Board of Directors
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	: Compounded annual growth rate
Circular	: This circular to shareholders dated 18 April 2025
Code	: Malaysian Code on Take-Overs and Mergers, 2016
COVID-19	: Coronavirus Disease 2019
Deed Poll	: The deed poll constituting the Warrants and governing the rights of the Warrant holders to be executed by our Company
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
EGM	: Extraordinary general meeting
Entitled Shareholders	: Shareholders of our Company whose names appear in our Record of Depositors on the Entitlement Date
Entitlement Date	: A date, to be determined by our Board and announced later, on the close of business on which the shareholders of our Company must be registered in our Record of Depositors in order to be entitled to participate in the Proposed Rights Issue with Warrants
EPS	: Earnings per Share
FPE	: Financial period ended
FYE	: Financial year ended
GP	: Gross profit
ICT	: Information and Communication Technologies
IT	: Information Technology
IMR Report	: Independent market research report titled "Outlook of the Information and Communication Technologies Sector in Malaysia" prepared by Providence Strategic Partners Sdn Bhd dated 24 December 2024
LAT	: Loss after tax
LBITDA	: Loss before interest, taxation, depreciation and amortisation
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
LPD	: 11 April 2025, being the latest practicable date prior to the date of this Circular
LPS	: Loss per Share
MICROLINK or Company	: Microlink Solutions Berhad (Registration No. 200301018362 (620782-P))

DEFINITIONS (cont'd)

MICROLINK Group or Group	:	MICROLINK and our subsidiaries, collectively
MICROLINK Shares or Shares	:	Ordinary shares in MICROLINK
M&A Securities	:	M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
NA	:	Net asset
PAT	:	Profit after tax
PBT	:	Profit before tax
Proposed Rights Issue with Warrants	:	Proposed renounceable rights issue of up to 536,198,080 Rights Shares together with up to 536,198,080 Warrants on the basis of 1 Rights Share with 1 Warrant for every 2 existing MICROLINK Shares subscribed, at an issue price to be determined later
Rights Shares	:	Up to 536,198,080 new MICROLINK Shares to be issued pursuant to the Proposed Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
R&D	:	Research & development
SC	:	Securities Commission Malaysia
TERP	:	Theoretical ex-rights price
USD	:	United States Dollar
VND	:	Vietnamese Dong
VWAP	:	Volume weighted average market price
Warrants	:	Up to 536,198,080 free detachable warrants to be issued pursuant to the Proposed Rights Issue with Warrants

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall, where applicable, include corporations.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals are due to rounding adjustments.

Any reference to any enactment or guideline in this Circular is a reference to that enactment or guideline as for the time being amended or re-enacted. Any reference to a date and time in this Circular is a reference to Malaysian date and time unless otherwise stated.

References to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, shall include our Company and our subsidiaries. References to "you" or "your" are to the shareholders of MICROLINK.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION AT THE FORTHCOMING EGM OF OUR COMPANY.

Key information	Summary	Reference to Circular
Summary	<p>: To address our Group’s current negative operating cash flow position, our Board has aborted the proposed renounceable rights issue of redeemable preference shares with warrants and the proposed amendments to our Constitution which was announced on 15 March 2024. In its place, our Board proposes to undertake the Proposed Rights Issue with Warrants.</p> <p>The Proposed Rights Issue with Warrants would entail an issuance of up to 536,198,080 Rights Shares together with up to 536,198,080 Warrants to the Entitled Shareholders on the basis of 1 Rights Share together with 1 Warrant for every 2 existing MICROLINK Shares subscribed, at an issue price and on the Entitlement Date to be determined later.</p> <p>The Warrants attached to the Rights Shares are intended to be an incentive to the Entitled Shareholders to subscribe for their entitlements for the Proposed Rights Issue with Warrants. The Warrants will be issued at no cost to the Entitled Shareholders and/or their renounees/transferees (if applicable) who successfully subscribe for the Rights Shares.</p> <p>The Proposed Rights Issue with Warrants will be undertaken on a full subscription basis. As such, underwriting arrangements will be procured for the entire 536,198,080 Rights Shares. The underwriting arrangement will be finalised at a later date prior to the despatch of the abridged prospectus.</p>	<p>Section 1</p> <p>Section 2.1</p> <p>Section 2.3</p> <p>Section 2.5</p>
Rationale	<p>: The main objective of the Proposed Rights Issue with Warrants is to recapitalise the financial position of our Group, improve our operational viability and support the growth of our key business units. The funds to be raised will allow our Group to partially repay our aged trade payables and existing borrowings which carry a high interest cost. The proposed borrowings repayment is expected to result in interest savings of up to RM1.74 million.</p>	<p>Section 4</p>
Approvals required	<p>: Approvals are required from:</p> <ul style="list-style-type: none">(a) Bursa Securities which was obtained on 10 April 2025 subject to the conditions as disclosed in Section 1 of this Circular;(b) our shareholders; and(c) any other relevant authorities and/or persons, if required.	<p>Section 8</p>

EXECUTIVE SUMMARY (cont'd)

Key information	Summary	Reference to Circular
Interests of Directors, major shareholders, Chief Executive Officer and/or persons connected with them	: None of our Directors, Chief Executive Officer and/or major shareholders and persons connected with them have any interest, direct and/or indirect, other than their respective entitlements as shareholders of our Company in respect of the Proposed Rights Issue with Warrants, which are also available to other shareholders of our Company.	Section 9
Directors' statement/ recommendation	: Our Board, after having considered all aspects of the Proposed Rights Issue with Warrants, including the rationale, funding requirements and the proposed manner of utilisation of the proceeds, is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of our Company and recommends that you vote in favour of the resolution at the EGM to be convened.	Section 10



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

18 April 2025

Directors:

Tun Arifin bin Zakaria (*Independent Non-Executive Chairman*)
Wong Kwang Chwen (*Executive Director*)
Thong Weng Sheng (*Executive Director*)
Dato' Ahmad Najmi bin Abdul Razak (*Non-Independent Non-Executive Director*)
Tan Wee Hoong (*Non-Independent Non-Executive Director*)
Noor Zaliza Yati binti Yahya (*Independent Non-Executive Director*)
Narayanasamy A/L Chithambaram (*Independent Non-Executive Director*)
Karen Yap Pik Li (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 15 March 2024, M&A Securities had, on behalf of our Board, announced that our Company proposes to undertake the proposed renounceable rights issue of redeemable preference shares with warrants and the proposed amendments to our Constitution, collectively referred to as the "**First Proposals**".

On 26 April 2024, M&A Securities, on behalf of our Board, had announced that our Company had submitted the additional listing application to Bursa Securities in respect of the First Proposals.

Subsequently, on 27 November 2024, M&A Securities had, on behalf of our Board, announced that our Board had reconsidered the First Proposals in its entirety to address the negative operating cash flow position of our Group and has decided to abort the First Proposals. In its place and after reassessing the market sentiment and our Group's operating cash flow position and financial commitments for the next 12 months, our Board proposes to undertake the Proposed Rights Issue with Warrants. As detailed in Section 4 of this Circular, our Group's operating cash flow deteriorated significantly from RM4.70 million in the preceding FYE 31 March 2023 to negative RM27.96 million in the FYE 31 March 2024, due to late payments from trade and other receivables from our Enterprise Solutions* segment coupled with higher

purchases of contract costs and inventories to fulfil the expectation of tight delivery timeline of projects under our Financial Services* segment as well as to cater for the incremental demands from projects under our Distribution Services* segment.

* *Kindly refer to Section 1 of Appendix 1 for descriptions of our Group's business segments.*

On 30 December 2024, M&A Securities had, on behalf of our Board, announced the withdrawal of the additional listing application dated 26 April 2024 to Bursa Securities in respect of the First Proposals and resubmitted a fresh additional listing application to Bursa Securities in respect of the Proposed Rights Issue with Warrants.

On 10 April 2025, M&A Securities had, on behalf of our Board, announced that Bursa Securities had vide its letter dated on even date approved-in-principle the following:

- (i) admission of the Warrants to the Official List;
- (ii) listing of and quotation for up to 536,198,080 Rights Shares and up to 536,198,080 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) listing of and quotation for up to 536,198,080 new MICROLINK Shares to be issued arising from the exercise of the Warrants.

Bursa Securities' approval-in-principle is subject to the following conditions:

Conditions	Status of Compliance
(1) Notification to Bursa Securities on the identity of the placees together with the quantum of Rights Shares subscribed pursuant to the placement arrangement by the underwriter(s);	To be complied
(2) MICROLINK is required to make quarterly updates via BURSA LINK (simultaneous with the submission of quarterly report) on the following: <ul style="list-style-type: none"> (a) The status on each of the event or purpose for which the total proceeds raised from the Proposed Rights Issue with Warrants are utilised for i.e. repayment of borrowings, the percentages of completion of projects/initiatives, working capital, research & development expenses; and (b) Where relevant, details on where the balance of proceeds raised is being placed (pending utilisation). If it is parked with asset management company/fund manager, to disclose the name of the asset management company/fund manager; 	To be complied
(3) Confirmation by M&A Securities on the compliance of at least 25% of the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon completion of the Proposed Rights Issue with Warrants;	To be complied
(4) MICROLINK and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants;	To be complied
(5) MICROLINK is to furnish Bursa Securities with the certified true copy of the resolution passed by the shareholders at an EGM approving the Proposed Rights Issue with Warrants;	To be complied

Conditions	Status of Compliance
(6) MICROLINK and M&A Securities are required to provide a written confirmation that the terms of the Warrants are in compliance with Paragraph 6.54(3) of the Listing Requirements;	To be complied
(7) MICROLINK must observe and ensure full compliance with Paragraph 6.50 of the Listing Requirements at all times;	Noted
(8) M&A Securities is to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;	To be complied
(9) M&A Securities is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed;	To be complied
(10) MICROLINK is to furnish Bursa Securities on a quarterly basis, a summary of the total number of Shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable;	To be complied
(11) Payment of additional listing fee, if any, based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable; and	To be complied
(12) MICROLINK and M&A Securities are required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.	Noted

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS, TO SET OUT OUR BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED RIGHTS ISSUE WITH WARRANTS

2.1. Basis and number of Rights Shares and Warrants to be issued

As at the LPD, our Company has an issued share capital of RM166,259,528 comprising 1,072,396,160 MICROLINK Shares. As at the LPD, our 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 subscribed, at an issue price to be determined and announced by our Board at a later date.

The basis of 1 Rights Share 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 Circular; 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 our Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The Rights Shares will be offered to the Entitled Shareholders as at the Entitlement Date after obtaining the approvals from all relevant authorities and our shareholders. The Warrants attached to the Rights Shares will be issued free to each Entitled Shareholder and/or their renounees/transferees (if applicable) based on his entitlement to the Proposed Rights Issue with Warrants and upon the acceptance and subscription of his Rights Shares entitlements.

Fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, will be disregarded and dealt with in such manner as our Board in their absolute discretion deem fit, expedient and in the best interest of our Company.

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 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. 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 renounees/transferees, if any. It is the intention of our 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 our Board.

Please refer to **Appendix II** of this Circular for the indicative salient terms of the Warrants.

2.3 Pricing of the Rights Shares and Warrants

(a) Rights Shares

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

- (i) the current general market sentiment and recent historical share price performance of MICROLINK;
- (ii) the TERP of MICROLINK Shares based on the VWAP of MICROLINK Shares for the 5 market days immediately prior to the price-fixing date; and

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

Our 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 our Board after taking into consideration the need for our 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 our Group to raise the indicative funds for the utilisation as set out in Section 3 of this Circular.

For illustrative purposes, an illustrative issue price of RM0.10 per Rights Share ("**Illustrative Issue Price**") represents a discount of approximately 23.97% to the TERP of MICROLINK Shares of RM0.1315 per Share, calculated based on the VWAP of MICROLINK Shares for the 5 market days up to and including the LPD of RM0.1473 per Share.

Illustration of the derivation of TERP

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

$$TERP = \frac{(0.1473 \times 1,072,396,160) + (0.10 \times 536,198,080)}{1,072,396,160 + 536,198,080}$$

$$TERP = 0.1315$$

Where:

<i>P</i>	=	VWAP of existing Shares for the 5 days up to and including the LPD
<i>Y</i>	=	Existing number of issued shares of MICROLINK
<i>X</i>	=	Illustrative Issue Price
<i>Z</i>	=	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 our Board at a later date, after taking into consideration the share price and TERP of MICROLINK Shares. Our 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 our Board after taking into consideration the need for our 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 23.97% to the TERP of MICROLINK Shares of RM0.1315.

Our 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 our Company:

- (A) to encourage 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 our Group.

2.4 Ranking of the Rights Shares, the Warrants and the new MICROLINK Shares to be issued arising from the exercise of the Warrants

The Rights Shares and the new MICROLINK Shares to be issued pursuant to the exercise of the Warrants shall, upon issuance and allotment, rank equally in all respects with our existing MICROLINK Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our 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 our Company until and unless they exercise their Warrants for the issuance of new MICROLINK Shares.

2.5 Subscription, shareholders' undertakings and underwriting arrangement

There is no minimum subscription to be raised from the Proposed Rights Issue with Warrants. No irrevocable undertaking was obtained from our indirect major shareholder, Omesti Berhad, to subscribe for the Proposed Rights Issue with Warrants due to its challenging financial performance. In this regard, the Proposed Rights Issue with Warrants will be undertaken on a full subscription basis and underwriting arrangements will be made on the entire 536,198,080 Rights Shares.

The underwriting arrangement will be finalised at a later date prior to the despatch of the abridged prospectus. The terms of the underwriting arrangement, including the underwriter(s), underwriting commission and associated costs, have therefore not been determined at this juncture and will be fully borne by our Company.

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

- (a) any breach in the public shareholding spread requirement by our Company under Paragraph 8.02(1) of the 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 Code and the Rules immediately after the completion of the Proposed Rights Issue with Warrants.

In the event where none of the Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue with Warrants, the total number of Rights Shares underwritten 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 our 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 out the Rights Shares which the underwriter is required to underwrite, by way of allotment directly to the placees.

Premised on the above, the underwriting arrangement is not expected to give rise to M&A Securities, who will be part of the syndicate of underwriters, becoming a substantial shareholder of our Company upon the completion of the Proposed Rights Issue with Warrants.

As at the LPD, the public shareholding spread of our Company is 40.75%. Upon completion of the Proposed Rights Issue with Warrants and assuming none of the Entitled Shareholders subscribe for their entitlements under the Proposed Rights Issue with Warrants, our Company will still be in compliance with the public spread requirement. However, assuming all the Warrants are exercised into new MICROLINK Shares by only the underwriter(s) as illustrated in Section 6.5.1 below, the pro forma public shareholding spread of our Company may reduce to below 25% and would result in our Company to be in non-compliance with the public spread requirement.

Our Company will monitor and endeavour to comply with the public spread requirement at all times. Our Company will not accept any exercise notice issued by the underwriter(s) in the event our Company will not be in compliance with the public spread requirement arising from such exercise of the Warrants.

Our Company will procure assurance from the underwriter(s) that they will at all times:

- (i) observe and ensure compliance with the provisions of the Code and the Rules and if required, seek the necessary exemptions from undertaking such mandatory take-over offer from the SC; and
- (ii) not exercise any or all of their Warrants, if upon exercise of the Warrants, our Company will not be in compliance with the public spread requirement.

2.6 Listing of securities

The approval-in-principle was obtained from Bursa Securities vide its letter dated 10 April 2025 for the listing of and quotation for the Rights Shares and Warrants as well as the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

2.7 Fund-raising exercises in the last 12 months

Save for the First Proposals which was announced on 15 March 2024 and aborted, which has been replaced by this Proposed Rights Issue with Warrants, MICROLINK has not undertaken any fund-raising exercise 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
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 at 31 March 2025, the total outstanding principal amount of our Group's total borrowings stood at RM75.09 million, comprising invoice financing facilities, overdraft, term loans and hire purchase facilities. Out of the total RM75.09 million borrowings, RM67.70 million is repayable within 12 months and RM7.39 million is repayable after 12 months. The breakdown of our Group's borrowings facilities are as follows:

Categories	RM'000	Tenure	Interest rate
<u>Overdraft</u>			
Overdraft	2,448	-	8.35%
<u>Invoice financing</u>			
Trust receipt 1	29,009	62 days – 118 days	7.70%
Trust receipt 2	13,009	113 days – 119 days	8.20%
Trust receipt 3	4,893	63 days – 92 days	5.50%
Trust receipt 4	3,379	70 days – 88 days	4.77%
Trust receipt 5	4,311	67 days – 83 days	4.76%
Trust receipt 6	3,153	105 days – 114 days	5.57%
<u>Term loan</u>			
Term loan 1	5,000	12 months	10.00%
Term loan 2	2,500	12 months	10.00%
<u>Hire purchase</u>			
Hire purchase	7,393	24 months	6.16%
Total	75,095		

Up to RM20.82 million is proposed to be earmarked to repay borrowings. As the exact amount of the proceeds that may be raised by our Company would depend on the issue price of the Rights Shares and the timing of the listing of the Rights Shares, as at the LPD, our Group is unable to determine the exact borrowings which it will repay and the quantum of such repayment. Nonetheless, our Board shall prioritise repayment of borrowings in a manner which optimises interest savings in determining the type of borrowings to be repaid and the quantum of repayment. The balance of borrowings which is repayable within 12 months amounting to RM46.88 million is expected to be funded from operating cash flow generated from trade collections as the bulk of these borrowings consists of invoice financing which are collateralised against amounts due from our clients.

The proposed repayment of borrowings is expected to result in potential finance cost savings of up to RM1.74 million based on the weighted average interest rate of 8.42%.

- (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 our 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 March 2025, the total outstanding trade payables of our Group amounts to RM33.05 million, of which RM19.59 million has exceeded the credit terms. Our Group intends to utilise up to RM8.00 million to repay aged outstanding trade payables. For information, the RM19.59 million outstanding trade payables are not interest bearing as management has renegotiated payment terms with these creditors. The aging analysis of the outstanding trade payables as at 31 March 2025 is as follows:

Outstanding trade payables as 31 March 2025	
	RM' million
Within 1 month	13.46
1 to 2 months	6.12
3 to 6 months	1.22
More than 6 months	12.25
Total	33.05

- (iii) As a technology solutions provider, our Group leverages on various technology products and solutions to create tailored IT solutions for companies to address its specific business needs. Our 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		
<i>Financial Services</i>				
Financial Services & Insurance Project 1	Implementation, upgrade and maintenance & support services of a core banking system for a local non-listed cooperative bank with over 34 branches <i>Kindly refer to Section 1(a) of Appendix I for the definition of core banking</i>	48.55	1.40	November 2022 – June 2028 <i>(estimated)</i>
Financial Services & Insurance Project 2	Provision of maintenance & support services of a loan management system for a statutory body managing	17.79	1.30	April 2023 – March 2028

Client	Project scope	Project value	Estimated utilisation of proceeds	Duration
		RM' million		
	public sector housing financing facilities. This contract commenced upon expiry of Financial Services & Insurance Project A (<i>as defined in Section 1(a) of Appendix I</i>)			
Financial Services & Insurance Project 3	Implementation and maintenance & support services of a new core banking system for one of the leading bank and Islamic financial institution in Brunei with a total group asset of more than BND10 billion (equivalent to USD7.5 billion)	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 responsible for auditing the finances of public bodies <i>A data warehouse consolidates multiple data sources to a centralised data management system to enable business intelligence analytics and decision support</i>	28.97	4.40	August 2023 – July 2026
Enterprise Project 2	Implementation, design, development and supply of advanced passenger screening system for a national government agency responsible for immigration services and enforcement <i>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</i>	83.51	5.00	November 2024 – November 2026
TOTAL		235.27	15.00	

Our Group's scope of work for our projects generally encompasses hardware and/or software purchases, design and development, implementation as well as maintenance and support. The bulk of the above project expenses are associated with the engagement of external specialists to supplement our Group's internal team. Our Group takes into consideration various factors, including the complexity of the project requirements, cost effectiveness and project timeline in deciding our resources planning of our 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.

Due to the nature of Enterprise Project 1 and Enterprise Project 2, which is hardware heavy, the project expenses for these two projects have significant upfront hardware and software purchase costs as compared to manpower expenses.

For information, save for Financial Services & Insurance Project 1 which was delayed due to request changes by the client wherein the go live date was postponed by 5 months and is expected to be postponed for a further 2 months, the timeline for our other projects listed above are on track.

- (iv) As technology continues to advance, customers of financial institutions are increasingly demanding digital banking services. Our Group's core banking solution provides the foundation to our clients by offering innovative digital services, and transform their business model to stay competitive in the digital age. As a provider of core banking solutions, our Group needs to leverage technology to meet these expectations as innovation is the key to thriving. As such, our Group proposes to earmark up to RM5.00 million of gross proceeds to be raised for R&D expenses for our Group to develop our 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 our Group's core banking software enables our Group to stay competitive and meet the evolving needs of our clients by providing a more comprehensive suite of offerings. For the past 3 financial years, our Group incurred approximately RM6.39 million cumulatively for R&D expenses. In light of recent projects secured under our Financial Services segment and for tactical reasons, our management has identified new products to be developed within the 12-18 months, hence the additional investment required in R&D. This is to catch the wave of rapid technological changes in the financial services space.
- (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
Printing, despatch, advertising and meeting expenses	135
Contingencies	41
	<u>2,500</u>

If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from the proceeds allocated for our working capital. Conversely, any surplus of funds arising from estimated 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 our Board, in their absolute discretion, deems fit and in the best interest of our Group. The interest income derived from the short-term placements will be used as additional working capital for our Group.

3.2 Proceeds from the exercise of Warrants

The exact amount of the proceeds that may be raised by our 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, our Company will raise proceeds of up to RM53.62 million.

Our 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	(ii)	30%

Notes:

- (i) Our Company intends to utilise part of the proceeds to part pay for the expenses for new projects to be obtained. Our 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 our Group's internal team to design, develop and implement software as well as payment by our Group to engage external specialists (to supplement our Group's internal team).
- (ii) The proceeds allocated for working capital are proposed to be utilised to finance the day-to-day operations of our 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 our Group's working capital requirements at that relevant point in time. Nonetheless, our 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, our Company will seek the necessary approval(s) from our 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.

3.3 Proceeds from previous fund-raising activities

Our Company had undertaken fund-raising activities from 2019 until 2022, the information of which is set out below:

Date of completion announcement	Description	Proceeds raised (RM'000)	Notes
19 December 2019	Private placement of 16,736,800 new MICROLINK Shares, representing 10% of the then issued share capital, at an issue price of RM0.55 per Share (" 2019 Private Placement ") which was undertaken pursuant to a general mandate under Sections 75 and 76 of the Act	9,205	(i)
23 December 2020	Restricted issue of 55,629,240 new MICROLINK Shares at an issue price of RM0.9003 per Share (" 2020 Restricted Issue ") which was approved by the shareholders of MICROLINK at an EGM on 27 November 2020	50,080	(ii)
2 March 2022	Private placement of 97,036,100 new MICROLINK Shares, representing 10% of the then issued share capital, at an issue price of RM0.55 per Share (" 2022 Private Placement ") which was undertaken pursuant to a general mandate under Sections 75 and 76 of the Act	53,370	(iii)

The proceeds raised for the above-mentioned fund-raising exercises were utilised as proposed with no variations.

Notes:

(i) RM9.21 million was raised from the 2019 Private Placement which was utilised as follows:

Purpose	RM'000	%
Repayment of borrowings	5,825	63.3
Repayment of trade payable	3,100	33.7
Payment of expenses for the 2019 Private Placement	280	3.0
	9,205	100.0

(ii) RM50.08 million was raised from the 2020 Restricted Issue which was utilised as follows:

Purpose	RM'000	%
Working capital for Enterprise Project B		
• Payment of trade payables	45,176	90.2
• Payment of salaries	4,504	9.0
	49,680	99.2

Purpose	RM'000	%
Payment of expenses for the 2020 Restricted Issue	400	0.8
	50,080	100.0

- (iii) RM53.37 million was raised from the 2022 Private Placement which was utilised as follows:

Purpose	RM'000	%
Working capital for Financial Services & Insurance Project A and Enterprise Project B (<i>Kindly refer to Sections 1(a) and 1(b) of Appendix I for information on Financial Services & Insurance Project A and Enterprise Project B</i>)		
<u>Financial Services & Insurance Project A</u>		
• Payment of trade payables	3,942	7.4
• Payment of salaries	2,427	4.5
	6,369	11.9
<u>Enterprise Project B</u>		
• Payment of trade payables	40,719	76.3
• Payment of salaries	4,432	8.3
	45,151	84.6
Payment of expenses for the 2022 Private Placement	1,850	3.5
	53,370	100.0

As noted in Section 1(b) of Appendix I, the project cost of Enterprise Project B exceeded its project value due to unforeseen circumstances, driven largely by the COVID-19 pandemic and management decisions. Movement control order restrictions were reimposed throughout most of 2021 which led to delays in on-site deliverables, including the setup of infrastructure and migration works. The delivery team came under further pressure as a result of COVID-19-related quarantine protocols. In addition, changes to the scope of work as well as, new requirements by the project owner resulted in additional resources and efforts so that the project timeline could be adhered to. These circumstances collectively had a direct impact on the overall project costs.

4. RATIONALE OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The main objective of the Proposed Rights Issue with Warrants is to recapitalise the financial position of our Group, improve our operational viability and support the growth of our key business units. The funds to be raised will allow our Group to partially repay our 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 RM1.74 million.

After considering the current financial position of our Group, our 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 our Company to raise the requisite funds without incurring additional interest expense from 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 Entitled Shareholders to participate in the equity offering of our Company on a pro-rata basis as it involves the issuance of new MICROLINK Shares without diluting the Entitled Shareholders' shareholdings, provided that Entitled Shareholders 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 our 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 our Company as and when the Warrants are exercised. The exercise of the Warrants in the future will allow our Company to obtain additional funds without incurring additional interest expenses from borrowings.

For the most recent financial year, our Group recorded a LAT of RM27.81 million as compared to a PAT 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. This was due to the completion of the implementation phase milestone of Enterprise Project 1 (as described in **note (iii) of Section 3.1** above), in the FYE 31 March 2023.

In addition, the following factors also contributed to our 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 our overseas projects under our Financial Services and Enterprise Solutions segments, having defaulted in payment;
- (b) higher recurring software development expenses of RM14.17 million for our 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 our Distribution Services segment due to unsaleable units arising from non-receipt of payment from one of our clients.

Our 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, of which:
 - RM30.04 million (57.4%) was contributed by Enterprise Project B, a project secured in September 2020 from Omesti Berhad, our indirect major shareholder. As at the LPD, the outstanding sum of RM30.04 million owing by Omesti Berhad has been overdue by more than 270 days. As a repayment plan has been negotiated with Omesti Berhad for settlement within the next 12 months, no late payment interest was imposed;
 - RM2.24 million from Enterprise Project D, (as further described in Section 1(b) of Appendix I) which amount has been collected in full as at the LPD;
 - RM0.70 million from Financial Services & Insurance Project 1, which amount has been collected in full as at the LPD; and
 - RM19.37 million was contributed by the Distribution Services projects, which amount has been collected in full as at the LPD. As with the nature of the Distribution Services segment which is primarily trading, our Group pays for hardware and software purchased from the respective principals prior to invoicing our clients. Arising from the timing and payment cycle of receivables, there is a time lag for payment collection; 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 our Financial Services segment as well as to cater for the incremental demands from projects under our Distribution Services segment, which collection is only received after the contract has been fulfilled.

On 27 November 2024, our Company announced a significant one-off impairment on our software development expenditure amounting to RM78.66 million as well as goodwill impairment of RM3.33 million, totaling RM81.98 million, in our consolidated results for the 6-months FPE 30 September 2024, which resulted in a further deterioration in the earnings of our Group. Out of the RM78.66 million impairment on software development expenditure, RM43.94 million was due to Enterprise Project B while the remaining RM34.72 million was due to a previous financial services project for a local Islamic cooperative bank.

For information, under accounting standards, future gross revenues from software development is applied when performing impairment testing for software development expenditure. If it becomes probable that software development expenditure which was previously capitalised cannot continue to be saleable (due to non-materialisation of new contracts attributable to the software development expenditure), the capitalised costs are impaired. Prior to the commencement of Enterprise Project B, there was the intention by the project owner for two additional phases to be contracted upon the completion of Enterprise Project B. The impairment was due to the non-materialisation of the two additional contracts after the completion of Enterprise Project B, which was completed as scheduled. As for the impairment for the financial services project for a local Islamic cooperative bank, the impairment was due to the inability to recover the future economic benefits of the said expenditure.

For our latest quarter FPE 31 December 2024, our Group recorded a negative operating cash flow of RM14.44 million.

	Audited FYE 31 March		Unaudited FPE 31 December	
	2023	2024	2023	2024
	RM'000	RM'000	RM'000	RM'000
Revenue				
Financial Services	64,954	40,217	34,002	50,120
Enterprise Solutions	58,955	56,636	34,305	34,810
Distribution Services	122,739	180,766	132,977	198,982
Solutions Delivery	1,800	3,668	2,762	-
	248,449	281,287	204,046	283,912
PAT/(LAT)				
Financial Services	15,722	(12,704)	626	(30,408)
Enterprise Solutions	10,567	(20,897)	(5,397)	(57,010)
Distribution Services	562	6,732	4,612	3,075
Solutions Delivery	(817)	(936)	354	-
	26,033	(27,805)	195	(84,343)
Operating cash flow	4,699	(27,956)	(18,235)	(14,441)
Cash and bank balances	33,676	13,464	19,611	21,646

The Proposed Rights Issue with Warrants is expected to provide our Group with an adequate level of capital buffer for the next 12 months to meet our Company's financial needs and to fund our ongoing development costs and day-to-day operations without incurring interest expenses. Importantly, it will also enable our Group to fund new business plans and undertake prudent R&D initiatives for our various projects.

For the past few months, our Group has taken concerted efforts to address the negative operating cash flow and to mitigate the recurrence of similar impairment by closely monitoring slow paying trade receivables to ensure collectability of debts. Prompt reports on slow paying and overdue clients 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. Management has also implemented strategies to streamline operational expenses, rationalise headcount, and optimise resource allocation to improve productivity. In addition, our Group has implemented risk management controls which includes (1) stricter client onboarding; (2) tighter project management control and cash flow management; and (3) regular audit of ongoing projects.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

In 2024, the Malaysian economy registered stronger growth of 5.1%, compared with 3.6% in 2023. Of significance, the year was marked by an investment upcycle, representing the highest investment growth in a decade and surpassing pre-pandemic levels. The external sector also thrived, benefiting from the global technology upcycle. However, the economy was not without its challenges. Wage growth remained subdued, particularly in the manufacturing sector, following weak export performance in 2023. Additionally, the commodity sector encountered supply disruptions during the middle of the year. Despite these headwinds, the economy demonstrated resilience, reflecting the diversified nature of the economy.

Domestic demand continued to anchor growth, driven by improved household spending and stronger investment activity. Favourable labour market conditions, net wealth accumulation, and continued policy support underpinned the resilience of household spending. Despite moderate growth in nominal wages, labour market conditions remained positive as the unemployment rate declined further to below pre-pandemic levels. At the same time, the labour force participation rate reached a historic high of 70.6% in the fourth quarter of 2024. Household wealth improved, alongside strong domestic and foreign equity market performance.

Following high project approvals in 2023, Malaysia is experiencing its third investment upcycle. The combined share of private and public investments rose from 20.1% of gross domestic product in 2023 to 21.4% in 2024. The realisation of investment projects was evident particularly in the electrical and electronics ("E&E"), and ICT sub-sectors. The strong performance can be attributed to the expansion of semiconductor production capacity, as well as Malaysia's emergence as a data centre hub in Southeast Asia. Of the manufacturing investment projects approved by the Malaysian Investment Development Authority since 2021, 84.5% have been implemented at various stages. The continued progress of large infrastructure projects in the public sector also provided further impetus to investment growth.

In the external sector, exports rebounded due to improving demand from key trade partners and positive spillovers from the global technology upcycle. In the first half of 2024, E&E exports remained in contraction, albeit at a reduced pace compared to 2023. This reflected Malaysia's limited exposure to memory chips, one of the main drivers in the ongoing global technology upcycle. However, the pace of E&E exports picked up in the second half of 2024, as the recovery in chip demand became more entrenched across segments related to the E&E export products. Non-E&E exports were bolstered by stronger investment activities in regional countries, increasing demand for exports of machinery and construction materials. Commodities exports posted modest growth, as higher palm oil and gas exports offset the contraction in crude oil exports.

Meanwhile, imports grew at a much faster pace, driven by stronger demand for capital and intermediate goods to support rising investments and trade. Intermediate imports rebounded, as manufactured exports recovered across both E&E and non-E&E products. Capital imports registered double-digit growth, fuelled by higher investment activities by domestic firms to expand production capacity. Consumption imports also recorded higher growth underpinned by improving household spending. Net exports rebounded to 2.2% (2023: -16.2%).

The global economy is expected to be broadly sustained in 2025 (2.8%–3.3%; 2024: 3.2%). Economic activity will continue to be supported by positive labour market conditions, moderating inflation and continued monetary policy easing across most major countries. These factors will help cushion against potential headwinds from the uncertainties surrounding tariff and other policies from major economies, alongside geopolitical developments. Downside risks persist from higher trade restrictions alongside potential retaliatory measures from the affected countries. The strength of global demand in particular will depend on developments in trade restrictions and countermeasures imposed by major economies. Risks to growth could arise from strained trade relationships affecting the global trade momentum, geopolitical developments potentially disrupting supply chains, and heightened financial market volatility.

Despite external uncertainties, the Malaysian economy is projected to grow between 4.5% and 5.5% in 2025. This is underpinned by sustained strength in domestic demand and the diversified nature of Malaysia's economy. Employment and income growth will continue to drive household spending. Investment activity is also expected to remain robust driven by the new and ongoing progress of multi-year projects. Measures outlined in Budget 2025, including initiatives on income enhancement, will further support consumption. Against an uncertain backdrop, Malaysia's external sector is projected to grow more moderately. Exports, however, are still expected to benefit from the continued global technology upcycle and higher tourist spending.

(Source: Economic and Monetary Review 2024, Bank Negara Malaysia released on 24 March 2025)

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 CAGR of 5.3%. The ICT sector encompasses the ICT products and services industry as well as enterprise IT solutions industry.

Providence Strategic Partners Sdn Bhd, the independent market researcher appointed by our Company, projects the ICT sector in Malaysia to register a growth rate of 3.1% in 2024. Over the long term, Providence Strategic Partners Sdn Bhd 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: IMR Report)

5.3 Prospects of our Group

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.

Our 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 our Group's AI capabilities, bolstered by strong cyber defense solutions.

The following core fundamentals areas will ensure sustainability of our 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

Our Group sees AI as being data-driven, experience-driven and decision-making platform that will amplify efficiency with a high level of precision automation. Our 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 our 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 our Group's next-generation banking and AI Platform. Our Company's view is that cyber security needs to be a natural part of these products where cyber security solutions are seamlessly built in for optimum guard and protection. Our 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, our Board is optimistic on the outlook of our 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 our Group to participate in, and capitalise on the opportunities which our partnerships with leading technical and industry experts globally have provided our Group with access to a considerable portfolio of technologies, expertise and networks, thus allowing our Group to expand our solution delivery capabilities. Our 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 we remain steadfast and strong in navigating the increasingly complex and uncertain landscape ahead. These include efforts to collaborate more effectively and adopting more agile ways of working.

(Source: Our Management)

6. FINANCIAL EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The pro forma 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 our Company's issued share capital 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	RM
	'000	RM'000
Issued share capital as at the LPD	1,072,396	166,260
Rights Shares to be issued	536,198	53,620 ⁽¹⁾

	No. of Shares	RM
Provision for Warrant reserve	-	(28,087) ⁽²⁾
Share capital after the Proposed Rights Issue with Warrants	1,608,594	191,793
Shares to be issued assuming full exercise of the Warrants	536,198	53,620 ⁽³⁾
Reversal of Warrant reserve	-	28,087
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) Computed based on the subscription of 536,198,080 Rights Shares at the Illustrative Issue Price of RM0.10 per Rights Share and adjusted for the apportionment of its relative fair value after the recognition of 536,198,080 Warrants at the illustrative theoretical fair value of RM0.11 per Warrant based on the Black-Scholes option pricing model as extracted from Bloomberg. Please refer to **Appendix III** of this Circular on the pro forma consolidated statements of financial position as at 31 March 2024 together with the reporting accountants' letter thereon for details.
- (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 EPS

The Proposed Rights Issue with Warrants will not have any effect on our consolidated earnings for the 15-month FPE 30 June 2025 as the Proposed Rights Issue with Warrants is expected to be completed in the third quarter of 2025. The effects of the Proposed Rights Issue with Warrants on our consolidated earnings for the FYE 30 June 2026 will depend on, amongst others, the level of returns generated from the utilisation of proceeds to be raised. Assuming that the consolidated losses of our Company remains unchanged, our consolidated LPS 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 our audited consolidated financial statements 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 our consolidated earnings and EPS are as follows:

	Audited as at 31 March 2024 RM'000	After the Proposed Rights Issue with Warrants RM'000
LAT attributable to owners of our 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 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities. The number of new Shares which will arise from the exercise or conversion of outstanding convertible equity securities pursuant to the Proposed Rights Issue with Warrants is not expected to exceed 50% of the total number of issued Shares of our Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

6.4 NA and gearing

Based on our audited consolidated statements of financial position as at 31 March 2024, the pro forma effects of the Proposed Rights Issue with Warrants on our consolidated NA per Share and the gearing 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	191,793 ^(b)	273,500 ^(g)
Exchange translation reserve	(528)	(528)	(528)	(528)
Warrant reserve	-	-	28,087 ^(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	52,968 ^(e)	32,148 ^(f)	32,148
Gearing (%)	22.92	45.50	19.19	14.54

Notes:

- (a) Computed after adjusting for material events on software development expenditure written off and goodwill impairment of RM81.98 million.
- (b) Computed after adjusting for the issuance of 536,198,080 Rights Shares at the Illustrative Issue Price and after adjusting for the allocated fair value of Warrants of RM28.09 million to the warrant reserve account.
- (c) After adjusting for the creation of warrant reserve for the issuance of 536,198,080 Warrants at the allocated fair value of RM28.09 million.
- (d) Computed after deducting estimated expenses incidental to the Proposed Rights Issue with Warrants of approximately RM2.50 million.
- (e) After taking into consideration the increase in borrowings arising from 2 additional term loans that were fully drawn down in January and March 2025.
- (f) After repayment of borrowings of RM20.82 million.
- (g) Computed after adjusting for the issuance of 536,198,080 Warrants at the Illustrative Exercise Price and reversal of the warrant reserve account to the share capital account.

6.5 Substantial shareholder's shareholdings

The pro forma effects of the Proposed Rights Issue with Warrants on the shareholdings of the substantial shareholders of MICROLINK based on the Register of Depositors as at the LPD are as follows:

6.5.1 Assuming none of the Entitled Shareholders subscribe for their entitlements pursuant to the Proposed Rights Issue with Warrants

Substantial shareholder	As at the LPD				(1) 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	267,471	24.94	-	-	267,471	16.63	-	-
Omesti Berhad	-	-	(1)267,471	24.94	-	-	(1)267,471	16.63
Exempt AN for Kenanga Investors Berhad	158,086	14.74	-	-	158,086	9.83	-	-
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	(6)33.33	-	-

(II)
After (I) and assuming full exercise of
Warrants⁽⁵⁾

Substantial shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Omesti Holdings Berhad	267,471	12.47	-	-
Omesti Berhad	-	-	⁽¹⁾ 267,471	12.47
Exempt AN for Kenanga Investors Berhad	158,086	7.37	-	-
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 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) As illustrated herein, 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 our Company not already held by the underwriter in accordance with the Rules. As explained in Section 2.5 of this Circular, our Company will ensure that the underwriting arrangement will not result in any (a) consequences of mandatory offer obligation in accordance with the Rules, and (b) breach of public shareholding spread requirements, if any.

6.5.2 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	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	'000		'000		'000		'000	
Omesti Holdings Berhad	267,471	24.94	-	-	401,206	24.94	-	-
Omesti Berhad	-	-	(1)267,471	24.94	-	-	(1)401,206	24.94
Exempt AN for Kenanga Investors Berhad	158,086	14.74	-	-	237,129	14.74	-	-
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
KBYM 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⁾

Substantial shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Omesti Holdings Berhad	534,941	24.94	-	-
Omesti Berhad	-	-	⁽¹⁾ 534,941	24.94
Exempt AN for Kenanga Investors Berhad	316,172	14.74	-	-
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.

7. HISTORICAL SHARE PRICE PERFORMANCE

The monthly highest and lowest market prices our Shares as traded on Bursa securities for the past 12 months preceding the date of this Circular are as follows:

	Low	High
	RM	RM
2024		
April	0.275	0.350
May	0.300	0.425
June	0.280	0.345
July	0.245	0.305
August	0.220	0.280
September	0.170	0.240
October	0.145	0.220
November	0.085	0.175
December	0.120	0.275
2025		
January	0.155	0.240
February	0.150	0.180
March	0.130	0.175

Last transacted market price on the last trading date prior to our announcement in relation to the Proposed Rights Issue with Warrants dated 27 November 2024

0.115

Last transacted market price on the LPD

0.155

(Source: M&A Securities)

8. APPROVALS REQUIRED

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

- (i) Bursa Securities for the following, of which the approval was obtained on 10 April 2025:
 - (a) Admission of the Warrants to the Official List;
 - (b) Listing of and quotation for:
 - up to 536,198,080 Rights Shares and up to 536,198,080 Warrants to be issued; and
 - up to 536,198,080 new Shares to be issued arising from the exercise of the Warrants;
- (ii) our shareholders at the forthcoming EGM 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.

The Proposed Rights Issue with Warrants is not conditional upon any other corporate exercises undertaken or to be undertaken by our Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OFFICER AND/OR PERSONS CONNECTED WITH THEM

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

10. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposed Rights Issue with Warrants, including the rationale, the funding requirements of our Group and the proposed manner of utilisation of the proceeds, our Board is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of our Company and accordingly recommends that you vote in favour of the resolution to be tabled at the forthcoming EGM to be convened.

11. ESTIMATED TIMEFRAME FOR IMPLEMENTATION

The tentative timetable in relation to the Proposed Rights Issue with Warrants is as follows:

Event	Date
EGM to approve the Proposed Rights Issue with Warrants	6 May 2025
Announcement of Entitlement Date	Early June 2025
Issuance of abridged prospectus for the Proposed Rights Issue with Warrants	Mid June 2025
Closing date for subscription and payment of the Proposed Rights Issue with Warrants	Early July 2025
Listing of and quotation for the Rights Shares and Warrants	End July 2025

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposed Rights Issue with Warrants is expected to be completed by the third quarter of 2025.

12. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

As at the LPD, there is no other corporate proposal which has been announced by our Company but is pending implementation.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Langkawi Room, 2nd Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, on Tuesday, 6 May 2025 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Rights Issue with Warrants.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Proxy Form in accordance with the instructions contained, to be deposited at the office of our Share Registrar at Bina Management (M) Sdn Bhd, Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan or email to binawin@binamg168.com, not less than 24 hours before the time fixed for the EGM. The lodging of the Proxy Form will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

14. FURTHER INFORMATION

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

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

TUN ARIFIN BIN ZAKARIA
Independent Non-Executive Chairman

INFORMATION ON OUR GROUP

1. OUR BUSINESS

Our 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. Our 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

Our 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 Centralised 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 is 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.

Some of our notable projects are as follows:

Client	Project scope	Project value RM' million	Duration
Financial Services & Insurance Project A	Implementation of a loan management system and provision of maintenance & support services of a loan management system for a local statutory body managing public sector housing financing facilities	7.28	January 2018 – March 2023
Financial Services & Insurance Project B	<ul style="list-style-type: none"> • Digital transformation initiative on existing processes and adoption of new technology stack platform • Implementation of a financial reporting and GL accounting module and provision of maintenance & support services of loan management system for a subsidiary of one of the 	13.90	January 2021 – January 2023

Client	Project scope	Project value RM' million	Duration
	leading bank and Islamic financial institution in Brunei with a total group asset of more than BND10 billion (equivalent to USD7.5 billion)		
Financial Services & Insurance Project C	Pilot phase for the design and implementation of an online insurance sales system to allow for agents to sell policies seamlessly to customers, for an insurance company in Vietnam with a total asset size of VND1,055,836 million (equivalent to approximately USD41.0 million)	3.20	August 2022 – July 2023

The above projects were completed as scheduled.

(b) Enterprise Solutions

Enterprise solutions include software and applications designed to integrate the multiple faceted 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. Our Group leverages on cloud, mobile, analytics and data to develop cost-effective, subscription-based solutions for organisations of all sizes. Our Group implements and integrates the solutions into our 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 our clients achieve optimum efficiency and cost-savings which in addition, drive innovation and transform our clients' interaction with their internal and external users. Key clients include retail, public sector and telecommunication organisations.

Some of our notable projects are as follows:

Client	Project scope	Project value RM' million	Duration
Enterprise Project A	Pilot phase for the deployment of a digital interaction services platform that enables customers to purchase and/or renew insurance policies online for the Main Market listed national post and parcel service provider which has a network of more than 3,500 touchpoints and delivers to more than 11 million addresses across the nation	12% of net revenue generated from the software usage	August 2020 – May 2021

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Client	Project scope	Project value RM' million	Duration
Enterprise Project B	Designed, developed, implemented and deployed a new business system support for customer relationship management and billing solutions for a Main Market listed company with a market capitalisation of RM78 million, on behalf of a national telecommunications company	62.20	September 2020 – September 2022
Enterprise Project C	Development of an open system platform for the Automatic Awareness Security System infrastructure and provision of technical support for a government agency responsible for regulating motor vehicles and road traffic safety <i>The Automatic Awareness Security System (previously branded as the Automated Enforcement System) was initiated with the objective at improving driving behaviour, curbing speeding and red light violations and reducing road traffic deaths. The open systems combine portability and interoperability between different vendors and standards, allowing for modularity so that hardware and software need not be attached to a single vendor or platform</i>	35.10	November 2021 – November 2024
Enterprise Project D	Management of IT operations and provision of maintenance of existing applications, managed services and helpdesk support on behalf of a leading regional provider of ICT infrastructure and smart devices, operating in over 170 countries and regions and serving more than 3 billion people	0.20 (per month)	September 2022 – February 2024

The above projects were completed as scheduled.

(c) Distribution Services

Our 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. Our 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). Our 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), and Stratus Technologies¹ (producer of fault tolerant computer servers and software).

Note:

1. *Stratus Technologies specialises in ensuring system uptime and availability. With its fault-tolerant servers and high-availability solutions, Stratus Technologies guarantees continuous operations and minimises downtime. This is essential for maintaining business continuity and operational efficiency. By utilising the technology of Stratus Technologies, businesses can ensure that their systems are always operational, even in the face of hardware failures or other disruptions.*

In the current IT market, the demand for cybersecurity, system uptime, and cloud solutions is rapidly growing. To address these needs, our Group is looking to integrate Stratus Technologies, and Alibaba Cloud, a major global Cloud service provider to provide a comprehensive solution. Alibaba Cloud provides scalable and flexible cloud computing services by offering a wide range of cloud-based solutions, from data storage and processing to machine learning and AI. Leveraging the Cloud products enables businesses to scale their IT resources dynamically, optimising costs and enhancing agility - allowing companies to quickly adapt to changing market conditions and technological advancements.

By integrating cybersecurity solutions, Stratus Technologies' uptime and availability technologies, as well as utilising comprehensive cloud services, businesses can create a secure, reliable, and scalable IT infrastructure. This combined approach addresses key market demands of cybersecurity, system uptime, and cloud computing, positioning businesses for success in the evolving digital landscape.

(d) Solution Delivery

Our Group also focuses on delivery of a range of services spanning project management, design, development, testing, change management and deployment across a range of applications. Our 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.

2. Historical financial information

The segmental revenue and PAT/(LAT) contributions from each business segment of our Group based on our audited consolidated financial statements for the past 3 financial years and latest unaudited consolidated financial statements are as follows:

	-----Audited FYE 31 March-----			Unaudited FPE 31 December		
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000
Revenue						
Financial Services	25,412	21,206	64,955	40,217	34,002	50,120
Enterprise Solutions	14,623	54,762	58,955	56,636	34,305	34,810
Distribution Services	131,456	139,342	122,739	180,766	132,977	198,982
Solutions Delivery	6,621	3,000	1,800	3,668	2,762	-
	178,112	218,310	248,449	281,287	204,046	283,912
GP	38,435	65,171	71,264	31,441	33,632	51,466
Other operating income	40,577	3,292	7,652	2,620	2,299	4,270
Lease concession	36	-	-	-	-	-
Distribution costs	(932)	(1,151)	(1,781)	(1,219)	(1,152)	(7,950)
Administrative expenses	(27,134)	(25,271)	(37,118)	(37,659)	(27,111)	(41,363)
Other operating expenses	(5,693)	(6,563)	(7,036)	(7,325)	(4,210)	(5,321)
Net gains/(losses) on impairment of financial assets	(10,095)	207	339	(9,621)	-	(81,982)
Finance costs	(2,008)	(1,454)	(1,680)	(3,125)	(2,010)	(3,511)
Share of profit of a jointly-controlled entity	-	-	284	-	-	-
PBT/(LBT)	33,186	34,231	31,924	(24,888)	1,448	(84,391)
Taxation	(1,395)	(8,772)	(5,890)	(2,918)	(1,253)	48
PAT/(LAT)						
Financial Services	39,748	(13,732)	15,722	(12,705)	626	(30,408)
Enterprise Solutions	1,779	21,955	10,567	(20,897)	(5,397)	(57,010)
Distribution Services	(12,476)	13,713	562	6,732	4,612	3,075
Solutions Delivery	2,740	3,523	(817)	(936)	354	-
	31,791	25,459	26,034	(27,806)	195	(84,343)
EBITDA/(LBITDA)	38,287	45,213	47,972	(6,407)	16,208	(77,047)
GP margin (%)	21.58	29.85	28.68	11.18	16.48	18.13
PAT/(LAT) margin (%)	17.85	11.66	10.48	(9.89)	0.10	(29.71)

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	-----As at 31 March-----				As at 31 December	
	2021	2022	2023	2024	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets						
Property, plant and equipment	5,672	4,480	4,596	5,161	5,227	5,227
Goodwill	18,409	18,409	22,664	25,990	22,664	22,664
Software development expenditure ^(a)	63,313	102,425	111,907	100,723	18,922	18,922
Investment in joint venture	5	-	289	-	-	-
Other investments	105	105	105	105	105	105
Finance lease receivable ^(b)	2,317	-	915	771	784	784
Deferred tax asset	3,011	2,708	1,847	2,576	2,663	2,663
	92,832	128,127	142,323	135,326	50,365	50,365
Current assets						
Inventories and contract costs	6,622	5,766	22,275	39,326	49,415	49,415
Other investments	99	4,475	3,388	89	-	-
Trade receivables ^(e)	32,768	28,052	55,041	99,539	80,869	80,869
Other receivables, deposits and prepayments	10,151	20,681	31,285	23,680	15,841	15,841
Contract assets ^(c)	7,389	17,286	36,307	32,376	30,550	30,550
Amount owing by former ultimate holding company	2,085	-	212	195	-	-
Amount owing by former immediate holding company	23,526	28,075	-	-	-	-
Finance lease receivable ^(b)	15,461	37	-	-	187	187
Amount owing by jointly controlled entity	-	-	544	-	-	-
Current tax assets	3,714	6,156	10,618	11,577	13,995	13,995
Cash and bank balances	11,014	63,122	33,676	13,464	21,646	21,646
	112,828	173,650	193,346	220,246	212,503	212,503
TOTAL ASSETS	205,661	301,777	335,669	355,572	262,868	262,868
Equity and Liabilities						
Share capital	105,583	161,896	166,260	166,260	166,260	166,260
Reserves	42	38	(214)	(528)	(231)	(231)
Retained earnings/(Accumulated losses)	13,852	39,322	60,064	33,228	(54,884)	(54,884)
Non-controlling interest	119,477	201,256	226,110	198,960	111,145	111,145
	487	480	130	(561)	3,208	3,208
Total equity	119,964	201,736	226,240	198,399	114,353	114,353

APPENDIX I

	-----As at 31 March-----				As at 31 December	
	2021	2022	2023	2024	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Non-current liabilities</u>						
Provision for gratuity obligations	2,135	1,829	-	-	-	-
Trade payables ^(f)	-	-	-	423	423	423
Other payables and provision	158	158	183	197	197	197
Lease liabilities	6,822	4,120	4,573	3,268	3,268	3,649
Deferred tax liabilities	-	3,745	5,448	4,924	4,924	4,576
	9,115	9,852	10,204	8,812		8,845
<u>Current liabilities</u>						
Trade payables ^(f)	17,374	23,768	17,354	55,238	31,188	31,188
Other payables and provision	15,396	13,968	24,559	29,986	23,467	23,467
Contract liabilities ^(d)	17,704	17,308	26,039	19,404	15,723	15,723
Amount owing to former ultimate holding company	59	38	-	-	-	-
Amount owing to former immediate holding company	65	794	-	-	-	-
Amounts owing to former related companies	1,293	1,379	-	-	-	-
Amount owing to jointly controlled entity	-	-	1,170	-	-	-
Borrowings	20,388	27,914	28,005	41,102	67,219	67,219
Lease liabilities	3,274	2,670	1,723	1,099	786	786
Provision for gratuity obligations	-	239	-	-	-	-
Current tax liabilities	1,029	2,111	375	1,532	1,287	1,287
	76,582	90,189	99,225	148,361		139,670
Total liabilities	85,697	100,041	109,429	157,173		148,515
TOTAL EQUITY & LIABILITIES	205,661	301,777	335,669	355,572		262,868
Operating cash flow	4,809	33,622	4,699	(27,956)	(14,441)	(14,441)
Cash and bank balances	11,014	63,122	33,676	13,464	21,646	21,646

Notes:

- (a) Software development expenditure comprises salaries of our Group's professional IT personnel as well as personnel costs for subcontracted IT manpower who are involved in the development of our Group's intellectual property software ("**IP Software**").
- (b) Our Group is an intermediate lessor in the sublease of software and hardware equipment, office and warehouse where the lessee is our client. The subleases of software and hardware equipment, office and warehouse are classified as finance leases with reference to the right-of-use assets arising from the main leases.
- (c) Contract asset arises when work has been performed on a project, but the billing milestone has yet to be met in accordance with the contract specifications. However, contract assets will subsequently be transferred and recognised as trade receivable upon achieving its billable milestone.
- (d) Contract liability arises when there is an advance billing issued for a project or where there is a deferred maintenance income or software licensing fee paid in advance to our Group, but revenue is yet to be recognised. The revenue will subsequently be recognised upon the delivery of services to our clients.
- (e) Trade receivables for the FYE 31 March 2024 recorded a significant increase, mainly due to the Distribution Services segment which was in line with the higher contribution to revenue for the financial year.
- (f) Trade payables pertain to goods and services rendered by business parties to our Group which increased considerably during the FYE 31 March 2024 mainly due to the Distribution Services segment. Under the Distribution Services segment, our Group distributes IT software/hardware to our clients on-demand basis. The increase in demand from our clients consequently increased our purchases of IT software/hardware and trade payables during the year.

Financial commentaries:

FYE 31 March 2022 vs FYE 31 March 2021

For the FYE 31 March 2022, our Group registered revenue of RM218.31 million, an increase of RM40.20 million (22.57%) from RM178.11 million registered in the preceding financial year due to higher progressive revenue recognition from the implementation of Enterprise Project B and growth from the Distribution Services segment. Additionally, government COVID measures had mandated a 6-month interest moratorium for banks and financial institutions which commenced on 7 July 2021. Our Group capitalised on this measure by enhancing our core banking systems to allow for the moratorium interest calculation for our clients, leading to higher billings and revenue recognition for the Financial Services segment.

GP margin increased to 29.85% for the financial year as compared to 21.58% in the preceding financial year as revenue from the abovementioned projects outpaced the cost of services provided.

Despite recording an increase in revenue of 22.57%, our Group registered only a marginal increase in PBT of RM1.05 million (3.15%), from RM33.19 million in the preceding financial year to RM34.23 million during the FYE 31 March 2022. The modest PBT increase for the FYE 31 March 2022 was attributed to the one-time reversal of previously impaired software development expenses of RM38.74 million during the previous FYE 31 March 2022, thereby impacting the overall PBT growth during the financial year. The reversal of impairment of software development expenses was due to our Group's subsequent successful engagements of core banking projects arising from the said expenses. The reversal of impairment arose as the software development consisted of technologies which would be deployed for ongoing and new customers that had been identified in the project pipeline.

PAT recorded a decrease of RM6.33 million (19.92%) from RM31.79 million to RM25.46 million, due to higher taxation arising from higher revenue generated for the year.

FYE 31 March 2023 vs FYE 31 March 2022

For the FYE 31 March 2023, our Group registered revenue of RM248.45 million, an increase of RM30.14 million (13.81%) from RM218.31 million registered in the preceding financial year. The higher revenue for the financial year was contributed primarily by the Financial Services segment which increased by RM43.74 million (>100%) to RM64.95 million from RM21.21 million registered in the preceding financial year due to higher progressive order fulfilment and the securing of a new key client in respect to Financial Services & Insurance Project 1.

GP margin was fairly consistent at 28.68% for the FYE 31 March 2023 as compared to 29.85% achieved for the FYE 31 March 2022.

Despite registering an increase in revenue of 13.81%, PAT for the year increased only by RM0.57 million (2.25%), from RM25.46 million in the preceding financial year to RM26.03 million during the FYE 31 March 2023. The marginal growth in PAT, compared to revenue growth was due to the effects of higher administrative expenses during the financial year. Administrative expenses increased by RM11.85 million (46.88%), from RM25.27 million in the previous FYE 31 March 2022 to RM37.12 million for the FYE 31 March 2023. This increase was primarily due to one off-employee share grants amounting to RM4.36 million and higher payroll-related costs needed to support the expanding business operations of our Financial Services segment, more specifically in respect of Financial Services & Insurance Project 1.

FYE 31 March 2024 vs FYE 31 March 2023

For the FYE 31 March 2024, our Group registered revenue of RM281.29 million, an increase of RM32.84 million (13.22%) from RM248.45 million registered in the preceding financial year contributed primarily by the higher contribution from the Distribution Services segment which increased by RM58.03 million (47.28%) to RM180.77 million from RM122.74 million arising from the strengthening of relationships with partners such as Alibaba Cloud, IBM, etc.

GP margin was at 11.18% for the FYE 31 March 2024, a significant decrease as compared to 28.68% achieved for the FYE 31 March 2023. The compression in GP margin was attributed to (a) a higher proportion of contribution from our lower margin Distribution Services segment, (b) delay in project timeline of Financial Services & Insurance Project 1 (due to request changes by the client), resulting in delayed billing, (c) competitive pricing strategy for certain of our projects secured in the Financial Services and Enterprise Solution segments, as well as (d) the ramp up in manpower to accommodate project delivery timelines, leading to higher operational costs.

As such, despite registering an increase in revenue, our Group recorded a LAT of RM27.81 million for the FYE 31 March 2024 as compared to a PAT of RM26.03 million for the FYE 31 March 2023, mainly due to lower gross profit from projects, net loss on impairment of receivables of RM9.61 million, higher finance cost of RM3.12 million to support the strong growth of the Distribution Services segment as well as, specific allowances made for uncollectible debts.

9-month FPE 31 December 2024 vs FPE 31 December 2023

For the 9-month FPE 31 December 2024, our Group registered revenue of RM283.91 million, an increase of RM79.87 million (39.14%) from RM204.05 million registered in the 9-month FPE 31 December 2023, contributed primarily by the higher contribution from the Distribution Services segment, which increased by RM66.00 million (49.64%) to RM198.98 million from RM132.98 million. In addition, building on the momentum from the past 12-18 months, our Group recognised billings from revenue streams such as Financial Services & Insurance Project 2, Financial Services & Insurance Project 3, Enterprise Project 1 and Enterprise Project C. As a result, the Financial Services segment grew by RM16.12 million (47.40%) to RM50.12 million for the 9-month FPE 31 December 2024 from RM34.00 million registered for the 9-month FPE 31 December 2023.

GP margin recorded an increase to 18.13% as compared to 16.48% achieved for the 9-month FPE 31 December 2023. This increase was primarily driven by revenue from the Financial Services and Insurance Project 3 which outpaced the cost of services provided.

Our Group however recorded a LAT of RM84.34 million for the FPE 31 December 2024 as compared to PAT of RM0.19 million in the preceding year's corresponding financial period. This was mainly attributable to a one-off software development expenditure write-off and a specific provision made on goodwill amounting to RM81.98 million. Excluding the one-off write-off and provision of goodwill, our Group recorded an EBITDA of RM4.94 million and a lower LAT of RM2.36 million.

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
Detachability	: The Warrants are immediately detachable upon issuance and allotment of the Rights Shares. The Warrants will be traded separately.
Form and denomination	: The Warrants will be issued in registered form and constituted by a deed poll to be executed by MICROLINK (" Deed Poll ").
Exercise price	: The exercise price of the Warrants shall be determined by our 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 5 th 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 our 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 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, subject to adjustments in accordance with the provisions of the Deed Poll, which is to be executed.
Mode of Transfer	: The Warrants are transferable in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991 and Rules of Bursa Depository.
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 our Company until and unless such holders of the Warrants exercise their Warrants into new MICROLINK Shares.

Terms	Details
Rights in the event of winding-up, liquidation, compromise and/or arrangement	<p>: As long as any of the exercise rights remain exercisable, where a resolution has been passed for a member’s voluntary winding-up of our Company, or where there is a compromise or arrangement, then:</p> <p>(d) For the purpose of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by a special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and</p> <p>(e) 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 our Company or within 6 weeks after the granting of the order by the High Court of Malaya approving the winding-up, compromise or arrangement, to exercise his Warrants by irrevocably surrender his Warrants to our 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 our 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 our Company will give effect to such election accordingly. If our 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 winding-up, compromise or arrangement, shall lapse and the Warrants shall cease to be valid for any purpose.</p>
Modification of rights of Warrant holders	<p>: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration, addition or abrogation in respect of the rights of the Warrant holders.</p>
Adjustments in the exercise price and/or number of Warrants	<p>: The exercise price and/or the number of unexercised Warrants in issue held by each Warrant holder may from time to time be adjusted only in the event of any alteration to the share capital of our Company in accordance with Paragraph 6.54(3)(b) of the Listing Requirements and the provisions as set out in the Deed Poll.</p>
Further Issues	<p>: Subject to the provisions of the Deed Poll, our Company will be at liberty to issue Shares or other securities convertible to Shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as our 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 our Company in general meeting.</p>

Terms	Details
Listing	: The Warrants will be listed on the Main Market of Bursa Securities.
Governing Law	: Laws of Malaysia.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Baker Tilly Monteiro Heng PLT
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15 April 2025

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PRIVATE & CONFIDENTIAL

Dear Sirs,

MICROLINK SOLUTIONS BERHAD (“MICROLINK” or the “Company”)

REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of Microlink and its subsidiaries (the “Group”) as at 31 March 2024 for which the directors of Microlink are solely responsible. The Pro Forma Consolidated Statement of Financial Position consists of the Pro Forma Consolidated Statement of Financial Position as at 31 March 2024 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Microlink have compiled the Pro Forma Consolidated Statement of Financial Position are as described in Note 1 to the Pro Forma Consolidated Statement of Financial Position (“Applicable Criteria”).

MICROLINK SOLUTIONS BERHAD

Report on the Compilation of the Pro Forma Consolidated
Statement of Financial Position as at 31 March 2024



The Pro Forma Consolidated Statement of Financial Position of the Group as at 31 March 2024 have been compiled by the directors of Microlink to illustrate the proposed renounceable rights issue of up to 536,198,080 new Shares ("Rights Shares") together with up to 536,198,080 free detachable warrants in the Company ("Warrants") on the basis of 1 Rights Share at indicative price of RM0.100 together with 1 Warrant for every 2 existing ordinary shares ("Shares") held by the entitled shareholders of the Company on an entitlement date to be determined ("Proposed Rights Issue with Warrants") on the Group's consolidated statement of financial position as at 31 March 2024, as if the proposal had taken place on 31 March 2024.

As part of this process, information about the Group's financial position has been extracted by the directors of Microlink from the audited consolidated financial statement of the Group for the financial year ended 31 March 2024.

Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The directors of Microlink are responsible for compiling the Pro Forma Consolidated Statement of Financial Position based on the Applicable Criteria.

Our Independence and Quality Management

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

Our firm applies *International Standard on Quality Management 1 (ISQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, on whether the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the directors of Microlink based on the Applicable Criteria.

MICROLINK SOLUTIONS BERHAD

Report on the Compilation of the Pro Forma Consolidated
Statement of Financial Position as at 31 March 2024

**Reporting Accountants' Responsibilities (Continued)**

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of Microlink have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position based on the Applicable Criteria.

For the purpose of this engagement, we have not issued any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

The purpose of the Pro Forma Consolidated Statement of Financial Position is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Microlink in the compilation of the Pro Forma Consolidated Statement of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:-

- (a) the related pro forma adjustments give appropriate effect to those criteria; and
- (b) the Pro Forma Consolidated Statement of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MICROLINK SOLUTIONS BERHAD
Report on the Compilation of the Pro Forma Consolidated
Statement of Financial Position as at 31 March 2024



Opinion

In our opinion:-

- (i) the Pro Forma Consolidated Statement of Financial Position of the Group have been properly compiled on the basis as set out in the accompanying notes to the Pro Forma Consolidated Statement of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2024 (which have been prepared by the directors of Microlink in accordance with the Malaysian Financial Reporting Standards), and in a manner consistent with both the format of the interim financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended; and
- (ii) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statement of Financial Position is appropriate for the purpose of preparing the Pro Forma Consolidated Statement of Financial Position.

Other matters

This report has been prepared solely for inclusion in the circular. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink that reads "Baker Tilly" in a cursive style.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

A handwritten signature in black ink that reads "Paul" in a cursive style.

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

Kuala Lumpur

MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

The Pro Forma Consolidated Statement of Financial Position of Microlink Solutions Berhad (“Microlink” or the “Company”) and its subsidiaries (the “Group”) as at 31 March 2024 as set out below for which the directors of Microlink are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 March 2024 had the proposal as described in Note 2 been effected on that date, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Statement of Financial Position.

	Audited Consolidated Statements of Financial Position as at 31 March 2024 RM'000	After subsequent events RM'000	Pro Forma I After Proposed Rights Issues with Warrants RM'000	Pro Forma II After Pro Forma I and Full Exercise of the Warrants RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	5,160	13,510	13,510	13,510
Goodwill	25,990	22,664	22,664	22,664
Software development expenditure	100,723	22,057	22,057	22,057
Other investments	105	105	105	105
Finance lease receivable	771	771	771	771
Deferred tax assets	2,576	2,576	2,576	2,576
Total non-current assets	135,325	61,683	61,683	61,683
Current assets				
Inventories and contract costs	39,326	39,326	39,326	39,326
Other investments	89	89	89	89
Trade receivables	99,539	99,539	99,539	99,539
Other receivables, deposits and prepayments	23,680	17,680	17,680	17,680
Contract assets	32,376	32,376	32,376	32,376
Finance lease receivable	195	195	195	195
Current tax assets	11,577	11,577	11,577	11,577
Cash and bank balances	13,464	18,614	40,914	94,534
Total current assets	220,246	219,396	241,696	295,316
TOTAL ASSETS	355,571	281,079	303,379	356,999

**Pro Forma Consolidated Statement of Financial Position
as at 31 March 2024**



MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

	Audited Consolidated Statements of Financial Position as at 31 March 2024		Pro Forma I	Pro Forma II
	RM'000	After subsequent events RM'000	After Proposed Rights Issues with Warrants RM'000	After Pro Forma I and Full Exercise of the Warrants RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	166,260	166,260	191,793	273,500
Exchange translation reserve	(528)	(528)	(528)	(528)
Warrant reserve	-	-	28,087	-
Retained earnings/(Accumulated losses)	33,228	(48,764)	(51,264)	(51,264)
	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
Non-current liabilities				
Trade payable	423	423	423	423
Other payables and provision	197	197	197	197
Lease liabilities	3,267	3,267	3,267	3,267
Deferred tax liabilities	4,924	4,924	4,924	4,924
Total non-current liabilities	8,811	8,811	8,811	8,811
Current liabilities				
Trade payables	55,238	55,238	47,238	47,238
Other payables and provision	29,986	29,986	29,986	29,986
Contract liabilities	19,404	19,404	19,404	19,404
Borrowings	41,102	48,602	27,782	27,782
Lease liabilities	1,099	1,099	1,099	1,099
Current tax liabilities	1,532	1,532	1,532	1,532
Total current liabilities	148,361	155,861	127,041	127,041
TOTAL LIABILITIES	157,172	164,672	135,852	135,852
TOTAL EQUITY AND LIABILITIES	355,571	281,079	303,379	356,999

Pro Forma Consolidated Statement of Financial Position
as at 31 March 2024

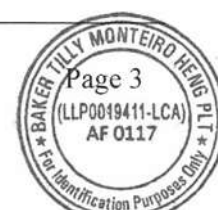


MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

	Audited Consolidated Statements of Financial Position as at 31 March 2024	After subsequent events	Pro Forma I After Proposed Rights Issues with Warrants	Pro Forma II After Pro Forma I and Full Exercise of the Warrants
Number of ordinary shares in issue ('000)	1,072,396	1,072,396	1,608,594	2,144,792
Net assets attributable to the owners of the Company ("NA") (RM'000)	198,960	116,968	168,088	221,708
NA per share (RM)	0.19	0.11	0.10	0.10
Loans and borrowings (RM'000)	45,468	52,968	32,148	32,148
Gearing (times)	0.23	0.46	0.19	0.15

Pro Forma Consolidated Statement of Financial Position
as at 31 March 2024



MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024
1. Basis of Preparation

- 1.1 The pro forma consolidated statement of financial position of the Group as at 31 March 2024, for which the directors of Microlink are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 March 2024 had the proposal as described in Note 2 been effected on that date, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Statement of Financial Position.
- 1.2 The pro forma consolidated statement of financial position of the Group as at 31 March 2024 have been prepared on the latest audited financial statements of the Group, which have been prepared in accordance with the Malaysian Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its latest audited financial statements: -

Warrants Reserve

The allocated fair value of free Warrants is credited to a warrants reserve, which is non-distributable. The warrants reserve will be transferred to the share capital account upon exercise of the warrants.

For the preparation of the Pro Forma Consolidated Statement of Financial Position, the fair value of the Warrants has been allocated at approximately RM28.09 million based on the indicative issue price of RM0.100 for each Rights Share.

The value of the warrants is based on the relative fair value of the ordinary shares by reference to the following information extracted from Bloomberg:-

Valuation model	: Black-Scholes pricing model
Theoretical ex-right price	: RM0.1315
Exercise price	: RM0.1000 per warrant
Tenure of warrants	: 5 years
Share price volatility	: 83.78%
Dividend	: No dividend
Risk free interest rate	: 3.348% per annum

MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

1. Basis of Preparation (continued)

1.2 (continued)

The free warrants are adjusted for the apportionment of its relative fair value in comparison to the other equity instruments as follows:

	Illustrative issue price/ fair value RM	Number of Rights Issue/ Warrants '000	Proportion %	Proportion of estimated gross proceeds RM'000
Right Issue	0.100	536,198	48	25,533
Free Warrants	0.110	536,198	52	28,087
				53,620

As the illustrative issue price and fair value used are for illustrative purposes only, the actual value of the warrants reserve can only be determined upon the actual issuance of the Warrants. As such, the actual proportion may differ from that as illustrated above.

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MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

2. The Proposal

2.1 The proposal to be undertaken by the Microlink comprise the following:

- (i) proposed rights issue of up to 536,198,080 new Shares (“Rights Shares”) together with up to 536,198,080 free detachable warrants (“Warrants”) in the Company on the basis of 1 Rights Share together with 1 Warrant for every 2 existing shares held by the entitled shareholders of the Company on an entitlement date and an issue price to be determined later (“Proposed Right Issue with Warrants”);

Utilisation of Proceeds from the Proposed Rights Issue with Warrants

For illustrative purposes only, based on the indicative issue price of RM0.100 for each Rights Share, the Proposed Rights Issue with Warrants is expected to raise gross proceeds RM53.62 million assuming issuance of 536,198,080 Rights Shares together with 536,198,080 Warrants.

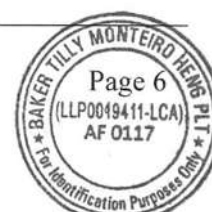
The proceeds from the Proposed Rights Issue with Warrants at an indicative issue price will be utilised in the following manner:

Details of Utilisation	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	RM'000
Repayment of borrowings	Within 3 months	20,820
Working capital ⁽¹⁾	Within 12 months	10,300
Project expenses ⁽²⁾	Within 12 months	15,000
Research and development expenses ⁽²⁾	Within 12 months	5,000
Estimated expenses for the Proposed Rights Issue with Warrants	Within 1 months	2,500
		53,620

⁽¹⁾ Of the RM10.30 million earmarked for working capital, RM8.00 million is proposed to repay trade payables and is reflected in the pro forma consolidated statement of financial position. The remaining proceeds earmarked for working capital of RM2.30 million will remain in cash and bank balances.

⁽²⁾ As at the latest practicable date, the use of proceeds of the above mentioned are not factually supported. Accordingly, the utilisation of proceeds earmarked for the project expenses and research and development expenses are not reflected in the pro forma consolidated statement of financial position and included in cash and bank balances.

Pro Forma Consolidated Statement of Financial Position
as at 31 March 2024



MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

3 Pro Forma Consolidated Statement of Financial Position

3.1 After subsequent events

Subsequent events incorporate the effects subsequent to 31 March 2024 which relates to

- (i) 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;
- (ii) Mircolink had on 20 March 2024 entered into sale and purchase agreement with a third party for the purchase of office building for consideration of RM8.35 million. The Group has obtained a letter of offer from Insas Credit & Leasing Sdn. Bhd. for a 12-months term loan of RM2.50 million in which RM2.35 million is used to part finance the acquisition of the office building and the remaining purchase consideration of RM6.00 million has been paid using internally generated fund. The acquisition of office building has been completed on 28 March 2025; and
- (iii) On 18 April 2024, the Group accepted a supplemental letter of offer from Insas Credit & Leasing Sdn. Bhd. to seek for the refinance of term loan of up to RM5.00 million through the term loan to finance the Group's working capital requirement. The term loan disbursed on 22 October 2024 and 22 January 2025.

Subsequent events had the following impact on the the audited consolidated statement of financial position of the Group as at 31 March 2024:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Property, plant and equipment	8,350	-
Other receivables, deposits and prepayments	(6,000)	-
Cash and short-term deposits	5,150	-
Goodwill	(3,326)	-
Software development expenditure	(78,666)	-
Retained earnings/(Accumulated losses)	-	(81,992)
Loans and borrowings - current	-	7,500
	(74,492)	(74,492)

Pro Forma Consolidated Statement of Financial Position
as at 31 March 2024



MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

3 Pro Forma Consolidated Statement of Financial Position (Continued)

3.2 Pro Forma I

Pro Forma I incorporates the cumulative effect of subsequent event and the effects of the Proposed Rights Issue with Warrants and the utilisation of proceeds from the Proposed Rights Issue with Warrants as described in Note 2 on the audited consolidated statement of financial position of the Group as at 31 March 2024:

	Increase/(Decrease)	
	Effects on	Effects on
	Total Assets	Total Equity
	RM'000	and Liabilities
		RM'000
Cash and bank balances	22,300	-
Share capital	-	25,533
Warrant reserve	-	28,087
Accumulated losses	-	(2,500)
Borrowings - current	-	(20,820)
Trade payables		(8,000)
	22,300	22,300

With the issuance of up to 536,198,080 Warrants in connection to the Proposed Rights Issue with Warrants, the Group will recognise the fair value of Warrants of approximately up to RM28.09 million on the basis as described in Note 1.2.

The estimated proceeds arising from the Proposed Rights Issue with Warrants of RM53.62 million which is earmarked for repayment of short-term bank borrowings of RM20.82 million will be debited to the borrowings account and the proceeds earmarked for working capital of which RM2.30 million will be included in cash and bank balances and the balance earmarked for payment of trade payables of RM8.00 million will be debited to trade payables account.

The estimated expenses in relation to the Proposed Rights Issue with Warrants are RM2.50 million which will be debited to the accumulated losses account.

MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

3.3 Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming the full exercise of 536,198,080 Warrants at an indicative exercise price of RM0.100 as described in Note 1.2.

The full exercise of 536,198,080 Warrants will have the following impact on the Pro Forma Consolidated Statement of Financial Position of the Group as at 31 March 2024:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	53,620	-
Share capital	-	81,707
Warrants reserve	-	(28,087)
	53,620	53,620

MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

4 Movements in Share Capital and Reserves

The pro forma effects of the Proposal on the issued share capital and reserves of the Company are as follows:

	Share capital		Exchange translation reserve RM'000	Warrant reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total RM'000
	Number of shares '000	Amount RM'000						
Audited as at 31 March 2024	1,072,396	166,260	(528)	-	33,228	198,960	(561)	198,399
Arising from subsequent events	-	-	-	-	(81,992)	(81,992)	-	(81,992)
After Subsequent Event	1,072,396	166,260	(528)	-	(48,764)	116,968	(561)	116,407
Arising from the Proposed Rights Issue with Warrants	536,198	25,533	-	28,087	-	53,620	-	53,620
Estimated expenses	-	-	-	-	(2,500)	(2,500)	-	(2,500)
As per Pro Forma I	1,608,594	191,793	(528)	28,087	(51,264)	168,088	(561)	167,527
Arising from the assumed full exercise of Warrants	536,198	81,707	-	(28,087)	-	53,620	-	53,620
As per Pro Forma II	2,144,792	273,500	(528)	-	(51,264)	221,708	(561)	221,147

Pro Forma Consolidated Statement of Financial Position as at 31 March 2024



MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024 (CONTINUED)

5 Movements in Cash and Bank Balances

	RM'000
Audited consolidated statement of financial position as at 31 March 2024	13,464
Arising from subsequent events	5,150
As adjusted for Subsequent Events	<u>18,614</u>
Arising from the Proposed Rights Issue with Warrants	
- Net cash inflows on the issuance of Rights Shares	53,620
- Net cash outflows on the estimated expenses in relation to the Proposal	(2,500)
- Net cash outflows on the repayment of borrowings	(20,820)
- Net cash outflows on the repayment of trade payables	(8,000)
As per Pro Forma I [†]	<u>40,914</u>
Arising from the full exercise of Warrants	
- Net cash inflows on the exercise of all Warrants	53,620
As per Pro Forma II [†]	<u>94,534</u>

* Included in cash and bank balances account is an amount of RM2.30 million, RM15 million and RM5.00 million arising from the Proposed Rights Issue with Warrants earmarked for general working capital, project expenses and funding for research and development expenses, respectively.

MICROLINK SOLUTIONS BERHAD AND ITS SUBSIDIARIES

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Microlink Solutions Berhad in accordance with a resolution dated 15 April 2025.



.....
WONG KWANG CHWEN
Director

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

2. CONSENTS AND DECLARATIONS**2.1 M&A Securities**

M&A Securities, being the Principal Adviser in relation to the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon, in the form and context in which they appear in this Circular.

M&A Securities confirms that no conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser for the Proposed Rights Issue with Warrants.

2.2 Baker Tilly Monteiro Heng PLT

Baker Tilly Monteiro Heng PLT, being the Reporting Accountants in relation to the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the pro forma consolidated statement of financial position of our Company as at 31 March 2024 and all references thereon, in the form and context in which they appear in this Circular.

Baker Tilly Monteiro Heng PLT confirms that there is no conflict of interest that exists or is likely to exist in its capacity as the Reporting Accountants for the Proposed Rights Issue with Warrants.

2.3 Providence Strategic Partners Sdn Bhd

Providence Strategic Partners Sdn Bhd, being the Independent Market Researcher in relation to the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the extract of its IMR Report and all references thereon, in the form and context in which they appear in this Circular.

Providence Strategic Partners Sdn Bhd confirms that there is no conflict of interest that exists or is likely to exist in its capacity as the Independent Market Researcher for the Proposed Rights Issue with Warrants.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, to the best knowledge of our Board, our 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 of any proceedings, pending or threatened, 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 ("Ageqnies")

FSSB filed a suit against Ageqnies on 2 March 2020 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 had 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.

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.

After a few postponements of trial dates by the High Court to accommodate Ageqnies' lawyers as well as to give priority to older cases, trial dates were fixed on 29 July 2024 to 31 July 2024.

The parties have since reached an amicable settlement of the suit, which has been formalised by way of a Tomlin Order duly recorded before the Kuala Lumpur High Court on 11 October 2024.

4. MATERIAL COMMITMENT

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

5. CONTINGENT LIABILITIES

Save as disclosed below, as at 31 March 2025, our Board is not aware of any contingent liabilities, incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial position or business of our Group:

	Company RM'000
Guarantees for banking and credit facilities granted to subsidiaries	
- Limit of guarantee	130,250
- Amount utilised	71,637

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office 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 normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of our Company;
- (ii) Audited consolidated financial statements of MICROLINK for the FYEs 31 March 2023 and 31 March 2024 and unaudited 9-month consolidated financial statements of MICROLINK for the FPE 31 December 2024;
- (iii) IMR Report;
- (iv) Letters of consent and declarations as referred to in Section 2 of this Appendix;
- (v) Draft Deed Poll;
- (vi) Pro forma consolidated statement of financial position of our Group as at 31 March 2024 together with the Reporting Accountants' report thereon, as set out in **Appendix III** of this Circular; and
- (vii) Relevant cause papers in respect of the material litigation as referred to in Section 3 of this Appendix.



MICROLINK SOLUTIONS BERHAD

(Registration No. 200301018362 (620782-P))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Microlink Solutions Berhad ("**MICROLINK**" or the "**Company**") will be held at Langkawi Room, 2nd Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 6 May 2025 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, to pass the following resolution, with or without modifications:

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 536,198,080 NEW ORDINARY SHARES ("RIGHTS SHARES") IN MICROLINK TOGETHER WITH UP TO 536,198,080 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 RIGHTS SHARE WITH 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES SUBSCRIBED, AT AN ISSUE PRICE AND ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT, subject to the passing of this resolution and the approvals being obtained from the relevant authorities and/or parties, including but not limited to the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Rights Shares and Warrants to be issued hereunder and the new MICROLINK Shares to be issued pursuant to the exercise of the Warrants, approval be and is hereby given to the Board to:

- (i) provisionally issue and allot by way of a renounceable rights issue of up to 536,198,080 Rights Shares together with up to 536,198,080 Warrants 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 by the Board ("**Entitled Shareholders**") and/or their renounees/transferees (if applicable) on the basis of 1 Rights Share together with 1 Warrant for every 2 existing ordinary shares in MICROLINK ("**MICROLINK Shares**"), at an issue price to be determined later by the Board;
- (ii) issue and allot up to 536,198,080 Warrants to those Entitled Shareholders who have successfully applied for the Rights Shares on the basis of 1 Warrant for every 1 Rights Share successfully subscribed;
- (iii) constitute the Warrants upon the terms and conditions of a deed poll ("**Deed Poll**"), the principal terms of which are set out in **Appendix II** of the Circular and wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with the Deed Poll, at any time during the exercise period, for one new MICROLINK Share at an exercise price to be determined later by the Board;
- (iv) issue and allot such number of additional Warrants pursuant to adjustments as provided under the Deed Poll ("**Additional Warrants**") and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions of the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required); and

- (v) issue and allot such number of new MICROLINK Shares credited to the holders of the Warrants arising from the exercise of the Warrants, and such further new MICROLINK Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renounees/transferees (if applicable) shall be made available for excess applications in a fair and equitable manner on a basis to be determined by the Board;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 3 of the Circular, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interest of the Company, subject to the approval of the relevant authorities (if required);

THAT the Rights Shares and the new MICROLINK Shares to be issued pursuant to the exercise of the Warrants shall upon issuance and allotment, rank *pari passu* in all respects with the then existing issued MICROLINK Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement dates (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the relevant date of allotment;

THAT the Rights Shares, the Warrants and the new MICROLINK Shares to be issued arising from the exercise of the Warrants shall be listed on the Main Market of Bursa Securities;

THAT the Board be and is hereby authorised and empowered to enter into and execute on behalf of the Company, the Deed Poll with full powers to assent to any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required or imposed by the relevant authorities with full power to implement, finalise and give full effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);

THAT the Board be and is hereby authorised and empowered to do all such acts, deeds and things and to execute, sign and deliver, on behalf of the Company, all such documents to give effect to the Proposed Rights Issue with Warrants with full power to assent to any conditions, modifications, variations and/or amendments to the terms of the Proposed Rights Issue with Warrants in any manner in the best interest of the Company or as may be required or imposed by the relevant authorities and/or parties and to take all such steps as it may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until all the Rights Shares, and the new MICROLINK Shares to be issued arising from the exercise of the Warrants during the tenure of the Warrants, in connection with the Proposed Rights Issue with Warrants have been duly issued and allotted in accordance with the terms of the Proposed Rights Issue with Warrants."

BY ORDER OF THE BOARD

Lim Shook Nyee (MAICSA 7007640) (SSM Practising Certificate No. 201908003593)
Chartered Secretary

Kuala Lumpur
18 April 2025

Notes:-

- (i) A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to participate at the General Meeting.
- (ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('Omnibus Account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with provisions of subsection 25A(1) of SICDA.
- (iii) A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholding to be represented by each proxy.
- (iv) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- (v) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited in the following manner, 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:
 - (a) In hard copy form

Deposit at the office of the Share Registrar at Bina Management (M) Sdn Bhd, Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan.
 - (b) By electronic form

Email to binawin@binamg168.com.
- (vi) The resolution set out in the Notice of the Extraordinary General Meeting will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (vii) Only members whose names appear in the Record of Depositors as at **28 April 2025** will be entitled to participate or appoint proxy(ies) to participate in his stead and vote at the General Extraordinary Meeting.

PROXY FORM

CDS Account No.	No of Shares Held

MICRO LINK

MICROLINK SOLUTIONS BERHAD

(Registration No: 200301018362 (620782-P))
(Incorporated in Malaysia)

<i>(Full name in Block and as per NRIC/Passport/Company No.)</i>	
I/We	Tel:
of	Email:

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

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

and

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

or failing him/her, the Chairperson of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting of our Company held at Langkawi Room, 2nd Floor, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 6 May 2025 at 10:00 a.m. or at any adjournment thereof, and to vote in the manner as indicated below:

	FOR	AGAINST
Ordinary Resolution		
1. Proposed Rights Issue with Warrants		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolutions. In the absence of specific direction, your proxy will vote or abstain at his/her discretion).

Dated this _____ day of _____ 2025

Signature of Shareholder/Common Seal



Notes:-

- (i) A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to participate at the General Meeting.
- (ii) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('Omnibus Account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with provisions of subsection 25A(1) of SICDA.
- (iii) A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholding to be represented by each proxy.
- (iv) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- (v) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited in the following manner, 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:
 - (a) In hard copy form

Deposit at the office of the Share Registrar at Bina Management (M) Sdn Bhd, Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan.
 - (b) By electronic form

Email to binawin@binamg168.com.
- (vi) The resolution set out in the Notice of the Extraordinary General Meeting will be put to vote by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (vii) Only members whose names appear in the Record of Depositors as at **28 April 2025** will be entitled to participate or appoint proxy(ies) to participate in his stead and vote at the Extraordinary General Meeting.

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AFFIX
STAMP

To: The Share Registrar
MICROLINK SOLUTIONS BERHAD
c/o Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

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