

**DAGANG NeXCHANGE BERHAD (“DNeX”)
- INVESTMENT AGREEMENT**

1. INTRODUCTION

The Board of Directors of DNeX wishes to announce that Dagang Net Technologies Sdn. Bhd. (“**Dagang Net**” or “**Investor**”), a wholly-owned subsidiary of the Company, had on 29 May 2020 entered into an investment agreement (“**Agreement**”) with PT Dagang Samudera Utama (“**PT DSH**”), Mrs. Margareta Novi Ursula and Mr. Bambang Sugiarto to facilitate the Investor’s equity participation in PT DSH (“**Transaction**”).

2. DETAILS OF THE TRANSACTION

2.1 Dagang Net

Dagang Net [Registration No. 198901000668 (177974-T)] is a company incorporated in Malaysia and having its registered address at Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia. The principal activity of Dagang Net is development, management and provision of business-to-government (B2G) e-commerce services and computerised transaction facilitation services.

The issued and paid-up share capital of Dagang Net is RM50,171,454.00 comprising 61,560,066 ordinary shares.

The directors of Dagang Net are Datuk Samsul bin Husin, Datuk Haji Osman bin Percy King Jones @ Abu Bakar, Mohamed Hazli bin Mohamed Hussain, Abdul Khalil bin Abdullah and Md Saffi bin Nadzir.

2.2 PT DSH

PT DSH (Company No. 4019112131104258) is a limited liability company established in Indonesia and having its address at The East, Lantai 35, Unit 03, J. DR Ide Anak Agung Gde Agung Kav E 3.2 No. 1, South Jakarta, 12950 Indonesia. It is principally engaged in the business of placement and maintenance services for submarine fiber cables (“**Business**”).

PT DSH currently has a paid-up capital of Indonesian Rupiah (Rp)10,000,000,000 or USD715,000 comprising 10,000 shares of Rp1.0 million each.

As of the date of this announcement, the shareholding structure of PT DSH are as follows:

No.	Name of Shareholders	Shares Value Rp	Percentage (%)
1.	Margareta Novi Ursula ("MNU")	9,000,000,000	90
2.	Bambang Sugiarto ("BS")	1,000,000,000	10
	Total	10,000,000,000	100

[MNU and BS are jointly referred to as "PT DSH's Current Shareholders" or respectively referred to as "PT DSH's Current Shareholder".]

The Commissioner and Director of PT DSH are MNU and BS respectively.

2.3 MNU

MNU, Indonesian citizen, is the owner of and legally holds 9,000 shares of PT DSH or equal to 90% of all issued and paid up capital of PT DSH.

2.4 BS

BS, Indonesian citizen, is the owner of and legally holds 1,000 shares of PT DSH or equal to 10% of all issued and paid up capital of PT DSH.

[PT DSH's Current Shareholders, PT DSH and Investor are hereinafter collectively be referred to as the "Parties" and individually as a "Party".]

2.5 Investment

"Investment" shall mean the equity participation by the Investor in PT DSH which shall be implemented by way of acquisition of MNU Class A Shares by the Investor from MNU.

2.6 MNU Class A Shares

"MNU Class A Shares" shall mean all Class A shares held by MNU.

2.7 Consideration of MNU Class A Shares/Purchase price from Investor to MNU ("Consideration")

Subject to the terms and conditions of the Agreement, Dagang Net shall purchase the MNU Class A Shares from MNU at the Consideration of Rp10,000,000,000.

The Consideration shall be fully satisfied in cash. It will be funded via internally generated funds.

2.8 Justification and basis of arriving at the Consideration

The Consideration was arrived at on a willing buyer willing seller basis. The Consideration was at par value of MNU Class A Shares in PT DSH.

3. SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement are as follows:

3.1 Investment in PT DSH

3.1.1 To facilitate the Investment of the Investor in PT DSH, the PT DSH's Current Shareholders shall forthwith without delay complete the following actions:

- (a) to procure the transfer of all of 1,000 shares of BS to MNU;
- (b) to procure the reclassification of PT DSH shares to class A (as the common shares of PT DSH) and class B, where the class B shares will be constituted as "preferred shares" with the rights to receive (i) non-cumulative preferred dividend in the aggregate amount of Rp420,000,000 or such other amount which shall be determined in the relevant General Meeting of Shareholders of PT DSH ("PT DSH's GMS"); and (ii) preferred distribution of liquidation proceeds in the amount to be determined by PT DSH's GMS if PT DSH is to be liquidated;
- (c) to procure the increase of authorized, issued, and paid-up capital of PT DSH to Rp20,500,000,000;
- (d) to procure the issuance of new class B shares to be subscribed by MNU and BS;
- (e) to execute a circular shareholders' resolution (the "Circular Resolution 1") to approve the actions referred to in clause 3.1.1 (a), (b), (c) and (d) above (the "CR-1 Transactions"); and
- (f) to procure the Ministry of Law and Human Rights of the Republic of Indonesia's ("MLHR") approval, consents and/or confirmation for the effectiveness of the CR-1 Transactions.

3.1.2 Once the CR-1 Transactions become effective, the shareholding structure of PT DSH shall become as follows:

No.	Name of Shareholders	Class A Shares Value (Rp)	Class B Shares Value (Rp)	Percentage (%)
1.	MNU	10,000,000,000	-	90
		-	8,450,000,000	
2.	BS	-	2,050,000,000	10
	Total	10,000,000,000	10,500,000,000	100

3.1.3 Immediately but in no event later than 30 days following the procurement of the MLHR's approval referred to in clause 3.1.1 (f) above, PT DSH's Current Shareholders shall proceed to complete the following actions:

- (a) to announce acquisition plan to PT DSH's creditors and employees in at least 1 daily Indonesian newspaper of national circulation;
- (b) to procure transfer of MNU Class A Shares;
- (c) to procure the amendment to PT DSH's Articles of Association to conform with the PT DSH Shareholders Agreement (as defined in clause 3.3 below);
- (d) to procure the appointment of new members of the Board of Commissioners and Board of Directors of PT DSH;
- (e) to execute a circular shareholders' resolution (the "**Circular Resolution 2**") to approve the actions referred to in clause 3.1.3 (a), (b),(c)and (d) above (the "**CR-2 Transactions**"); and
- (f) to procure the MLHR's approval, consents and/or confirmation as may be required for the effectiveness of the CR-2 Transactions.

3.1.4 Once the CR-2 Transactions become effective, the shareholding structure of PT DSH shall become as follows:

No.	Name of Shareholders	Class A Shares/ Value (Rp)	Class B Shares/ Value (Rp)	Percentage (%)
1.	Investor	10.000.000.000/ 10,000,000,000	-	49
2.	MNU	-	8.450.000.000/ 8,450,000,000	41
3.	BS		2.050.000.000/ 2,050,000,000	10
	Total	10.000.000.000/ 10,000,000,000	10.500.000.000/ 10,500,000,000	100

3.1.5 PT DSH: (a) represents and warrants to the Investor that it has, now and will have on Completion (as defined below), the full power and the right to issue all of the shares based on all terms and conditions as set out in the Agreement; and (b) undertakes to assist and support the PT DSH's Current Shareholders to expediently complete the CR-1 Transactions and the CR-2 Transaction.

3.1.6 BS further acknowledges that by signing the Agreement, he thereby waives any right of "first refusal" provided by PT DSH's Articles of Association: (a) to subscribe to the MNU Class A Shares when they are issued to MNU as contemplated in Circular Resolution 1; and (b) to purchase the MNU Class A

Shares when they are sold to the Investor as contemplated in Circular Resolution 2.

- 3.1.7 For avoidance of doubt, the Parties may incorporate more than 1 company for the purpose of the Project (as defined in clause 3.2.1 (d) below) which shall be subject to the Agreement.

3.2 Operation of PT DSH and Project

3.2.1 The Parties agree that PT DSH:

- (a) is currently in the process and shall be responsible to complete: (i) the procurement of a cable laying vessel known as "**PACIFIC LINK**" with IMO Number 9017824 (the "**Vessel**"); and (ii) the registration of the Vessel with the Directorate General of Sea Transportation of Indonesia (or any other relevant ship registration authorities in Indonesia) to enable the Vessel to fly Indonesian flag and operate within Indonesian territorial waters to carry out the Business;
- (b) shall be responsible to identify, evaluate, negotiate and enter into sale and purchase agreement with vendor for the acquisition of the Vessel;
- (c) shall raise financing either via borrowings or shareholders' loan or combination of both for the purpose of financing the purchase of the Vessel and working capital requirement for its business activities;
- (d) shall negotiate and enter into a long term work contract ("**Service Agreement**") with PT Infrastruktur Telekomunikasi Indonesia ("**Telkom Infra**"), a business entity established based on the laws of the Republic of Indonesia for the provision by PT DSH of the submarine fibre-optic cable laying and maintenance services to Telkom Infra ("**Project**");
- (e) shall hire the relevant manpower for the purpose of operating the Vessel as well as to manage the Business; and
- (f) shall operate and develop the Business in Indonesia.

3.2.2 The Parties shall work together for the Project, in particular:

- (a) to prepare, review, finalise, the submission to Telkom Infra with regard to the Project and ensure full completion of the technical, commercial and financial aspects;
- (b) to assist and support PT DSH in negotiating the Service Agreement and subsequently, in the implementation of the Service Agreement;
- (c) to implement the Project in an orderly manner and in conformity with the Service Agreement;

- (d) to operate the Project following the official commencement date thereof according to Service Agreement, the standard operation manual or at par with other Project of similar nature; and
- (e) such other roles and responsibilities to be discussed and agreed by the Parties.

3.2.3 The Investor shall have the following responsibilities for the Project:

- (a) to assist PT DSH in procuring the financing for the Project and other cost and expenses related to the Business;
- (b) to take the lead role in assisting PT DSH in negotiating the Service Agreement with Telkom Infra;
- (c) to take steps required or necessary to ensure PT DSH's compliances with the technical, legal, tax, insurance, accounting and financial aspects of the Project; and
- (d) to provide assistance whenever necessary to PT DSH for the implementation of the Project.

3.2.4 Both MNU and BS shall, on a joint and several basis, have the following responsibilities in the Project:

- (a) to maintain the shareholding structure of PT DSH to be continuously in accordance with the shareholding structure as stipulated in clause 2.2 and clause 3.1.1 above until the entry of the Investor as shareholders in PT DSH;
- (b) to establish other operating company(ies) for the Project;
- (c) to be the main liaison party to communicate effectively with Government agencies such as Directorate General of Sea Transportation, Customs, and other relevant authorities during the implementation of the Project;
- (d) to assist PT DSH in procuring all necessary permit(s), license(s), approval(s) relevant to the Project; and
- (e) to assist PT DSH in the application of work permits or such other necessary approval(s).

3.3 Shareholders Agreement

Following the execution of the Agreement, the Parties shall enter into a good faith negotiation to discuss the shareholders agreement of PT DSH ("**PT DSH Shareholders Agreement**") to govern the rights and obligations of each shareholder in connection with the management and operational activities of PT DSH after the Completion.

3.4 Conditions Precedent

The Investor's obligations to invest in PT DSH and procure the MNU Class A Shares are conditioned upon the fulfilment of the following conditions ("**Conditions**") which may be waived by the Investor:

- (a) the execution of Circular Resolution 1 and the completion of the CR-1 Transactions;
- (b) the execution of Circular Resolution 2 and the completion of the CR-2 Transactions;
- (c) the execution of PT DSH Shareholders Agreement;
- (d) all of the representations, warranties and other information provided to the Investor by PT DSH and PT DSH's Current Shareholders are true and correct and not misleading as at the date of the Agreement and the Completion Date; and
- (e) there is no default on the part of PT DSH or any of the PT DSH's Current Shareholders of their obligations under the Agreement or any other agreements to the extent that they are party thereto.

3.5 Completion

- 3.5.1 Completion shall occur on the date on which the last of the Conditions is satisfied or waived by the Investor or on such other date as the Parties may agree ("**Completion Date**") and shall take place at PT DSH's office or at such other place as the Parties may agree ("**Completion**").
- 3.5.2 Before and until the Completion Date:
 - (a) PT DSH shall observe and perform all rights and obligation as well as the provisions of Schedule 1 Part A of the Agreement; and
 - (b) Investor shall observe and perform all rights and obligation as well as the provisions of Schedule 1 Part B of the Agreement.
- 3.5.3 On Completion Date, the Investor and MNU shall enter into a deed of acquisition relating to the purchase of MNU Class A Shares.
- 3.5.4 After the execution of the deed of acquisition and receipt of the purchase price from Investor to MNU, PT DSH shall:
 - (a) issue a collective share certificate for and on behalf of the Investor in respect of the MNU Class A Shares; and
 - (b) register the changes on the capital structure and shareholding composition in PT DSH's Shareholders Registry.

- 3.5.5 The Agreement shall automatically be terminated when: (i) the last Conditions has been fulfilled or waived; and (ii) Completion has been achieved by and between the Parties.

3.6 Governing Law and Dispute Settlement

- 3.6.1 The Agreement shall be governed by, construed and interpreted in accordance with the laws of the Republic of Indonesia.
- 3.6.2 If any dispute arises between the Parties ("**Dispute**"), the Parties shall for a period of 30 days after the receipt by a Party of a notice from the other Party of the existence of a Dispute, attempt to settle such Dispute amicably in the first instance by mutual discussions between the Parties.
- 3.6.3 The Parties hereby agree that all dispute arising out of the Agreement, shall be settled and awarded by the Indonesian National Arbitration Body (*Badan Arbitrase Nasional Indonesia* or "**BANI**") pursuant to the procedural arbitration rules of BANI, which award binds both Parties in dispute, as a final award in the first instance and appeal. The arbitral tribunal shall consist of 3 arbitrators and the arbitration shall be conducted in Jakarta. The language to be used in the arbitration proceeding shall be English.
- 3.6.4 During the settlement of the Dispute, the Parties are still obligated from carrying out their obligations under the Agreement.

3.7 Termination

The Investor shall be entitled to terminate the Agreement by providing the other Parties with a 7 days prior written notice if: (a) Completion does not occur by 30 June 2020; or (b) PT DSH or any of PT DSH's Current Shareholders defaults from any of their obligations under the Agreement or any other agreements, to the extent that they are party thereto and such defaults are not remedied within 14 days after being so notified by the Investor.

4. **RATIONALE, PROSPECTS AND BENEFITS OF THE TRANSACTION**

The Transaction forms part of DNeX Group's growth strategy in the Information Technology and e-Services business segment. DNeX believe the Investment is timely and bodes well with DNeX Group's strategy to bring gains in its current set-up while focusing on DNeX Group's core competencies.

The Transaction paves the way for DNeX Group to expand its subsea telecommunication services in Indonesia and is expected to potentially boost the income of DNeX Group in the future.

The Indonesian government had in October 2019 announced the completion of the long-awaited Palapa Ring project – a trans-island submarine cable and Broadcast Tower Station (BTS) network that is expected to reduce the cost of internet in the country's outlying region, propelling its digital economy even further upward.

The project, which started in 2007, involved the construction of a 36,000km long fiber optic cable network that span the entire archipelago, which would, in turn, improve Internet access to the nation's most remote regions.

Indonesia is the third-highest user of the Internet globally. Out of 265 million Indonesians, about 64.8% or 171 million have an Internet connection, according to a March 2019 data supplied by the local Indonesian Internet provider association (APJII).

Indonesia's market size contributes significantly to the rise of the country's digital economy. According to data compiled by Google and Temasek, the Indonesian Internet economy reached \$27 billion as of the end of 2018 and is poised to grow to \$100 billion in the next 5 to 6 years.

5. RISKS

The completion of the Transaction is conditional upon the conditions precedent of the Agreement being fulfilled or waived. In the event that any of the conditions precedent are not fulfilled, the Transaction may be delayed or terminated and all the potential benefits arising therefrom may not materialise. There can be no assurance that all of the conditions precedent are able to be fulfilled. Nevertheless, DNeX anticipates that such risk can be mitigated by proactively engaging with the relevant authorities/parties to obtain all the necessary approvals and documents required for the completion of the Transaction.

6. EFFECTS

The execution of the Agreement:

- (i) will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholding of DNeX; and
- (ii) is not expected to have a material effect on the earnings per share, net assets per share and gearing of DNeX.

Barring any unforeseen circumstances, the Transaction is expected to contribute positively to the future earnings and net assets of DNeX Group.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Transaction pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 10.19% based on the Audited Financial Statements of DNeX for the year ended 31 December 2019.

8. APPROVAL REQUIRED

The execution of the Agreement is not subject to the approval of the shareholders of DNeX or any relevant authorities and is not conditional upon any other corporate exercise undertaken by DNeX.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors or major shareholders or persons connected with the Directors or major shareholders of DNeX have any interest, direct or indirect, in the Agreement.

10. STATEMENT BY DIRECTORS

The Board of DNeX is of the opinion that the execution of the Agreement and Transaction are in the best interest of DNeX Group.

11. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE TRANSACTION

Barring any unforeseen circumstances, the Transaction is expected to be completed by the 2nd quarter of the calendar year 2020.

12. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection during normal business hours from Mondays to Fridays (except public holidays) at the registered office of DNeX at Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor for a period of 3 months from the date of this announcement.

This announcement is dated 29 May 2020.