

**DATASONIC GROUP BERHAD (COMPANY NO. 809759-X) (“DATASONIC”)
- SHAREHOLDERS AGREEMENT BETWEEN DATASONIC AND DIGENT CO.,
LTD**

1.0 INTRODUCTION

The Board of Directors (“Board”) of Datasonic wishes to announce that Datasonic had on 23 October 2019 entered into a Shareholders Agreement (“SA”) with Digent Co., Ltd (Reg. No: 220-81-95721) (“Digent”) (hereinafter collectively referred to as a “Party” or “Shareholder” and together, as the “Parties” or “Shareholders”) for the purpose of incorporating a company in Malaysia known as Datasonic Digent Sdn Bhd (“DDSB”), to co-operate and jointly developing, introduce and exclusively market the next generation biometric applications (“Business”) (hereinafter referred to as “Co-operation”).

2.0 INFORMATION ON PARTIES TO THE SA

2.1 DATASONIC

Datasonic is a public listed company incorporated in Malaysia and having its registered office at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur. The total issued share capital of Datasonic is RM135,000,000.00 comprising of 1,350,000,000 ordinary shares. The principal activities of Datasonic are investment holding and provision of management services to its subsidiaries.

2.2 DIGENT

Digent is a company incorporated in South Korea and having its principal place of business at 16th Floor, Gangnam Center Building, Yeoksam, Gangnamdaero 388, Gangnam, Seoul 06320, South Korea. The total paid up capital of Digent is 6,705,000,000 won comprising of 13,410,000 stocks issued. The principal activities of Digent are data processing system and network business.

3.0 SALIENT TERMS OF THE SA

- 3.1 There are no expressed conditions precedent in the SA. The SA was entered into to record the Parties’ commitments and to regulate the Shareholders’ rights and obligations as shareholders of DDSB and in respect of the management of DDSB.
- 3.2 The Shareholders intend to co-operate in the Business and to develop the next generation biometric applications (“Product”).
- 3.3 Each of the Shareholders undertakes that, in performance of its obligations, it will:-
 - a) co-operate fully and in good faith with the other Shareholder as required for the purposes of the Business;

- b) make available to the other Shareholder any background technology and any relevant know-how, data, documentation and other materials or information, which it owns or in which it holds the necessary rights, which is developed as part of the Product or which the other Shareholder may reasonably require properly to carry out its own respective obligations;
 - c) only allocate employees to the Business who are properly qualified, skilled and experienced in the work to be carried out;
 - d) take all necessary steps to ensure that the Business, the background technology, the Product do not infringe the intellectual property rights of any third party;
 - e) perform its obligations in compliance with all applicable laws, regulations and codes of practice; and
 - f) contribute the sums required by the approved budget no later than the date required in accordance with the agreed spending curve.
- 3.4 Save as expressly provided in the capital expenditure approved by the Board of DDSB, each Shareholder shall bear its own costs of the work carried out in relation to the Business.
- 3.5 The Business shall be carried out at the premises located in a MSC Malaysia designated Cybercity or Cybercentre or at such other premises as DDSB may decide from time to time.
- 3.6 The shareholding structure of DDSB shall be in the following proportion:-

<u>Party</u>	<u>Percentage (%)</u>
Datasonic	60
Digent	40
Total	100

- 3.7 Datasonic and Digent shall be entitled at any time to appoint and maintain in office up to four (4) directors and three (3) directors respectively and to remove or replace any director so appointed.
- 3.8 The SA shall continue in full force and effect from the date of the SA until the dissolution of DDSB or sooner termination of the SA in accordance to the following:-

If either party ("the Defaulting Shareholder"):-

- a) commits any material breach of any of its obligations under the SA and fails to remedy such breach (if capable of remedy) within thirty (30) days after being given notice by the other party so to do; or
- b) goes into bankruptcy or liquidation whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation with the consent of the other party, such consent not to be reasonably withheld) or has an administrator appointed or a receiver or manager is appointed over any part of the assets or undertaking of that party; or

- c) is prohibited from being a shareholder in DDSB by a change in any law; or
- d) disposes off or transfer any of its shares in breach of the DDSB's Constitution or the SA.

4.0 RATIONALE

The Co-operation would provide Datasonic with an opportunity to expand its current range of biometric technology solutions, systems and services.

5.0 RISK FACTORS

Subject to the terms and conditions of the SA, Datasonic does not foresee any major risk factor associated with the SA except for business risks, operational risks, foreign exchange risks and risks arising from changes in the laws, regulations and governments' policies pertaining to the Business. As such, the management would put in place control measures and operational procedures to reduce the impact or likelihood of such risks.

6.0 FINANCIAL EFFECTS OF THE JOINT VENTURE

6.1 Share capital and substantial shareholders' shareholdings

The Co-operation will not have any effect on the share capital and substantial shareholders' shareholdings of Datasonic Group.

6.2 Earnings per share, net assets per share and gearing

The Co-operation is not expected to have any material effect on the earnings per share, net assets per share and gearing of Datasonic Group for the financial year ending 31 March 2020.

7.0 APPROVAL REQUIRED

The Co-operation is not subject to the approval of the shareholders of Datasonic or other relevant authorities.

8.0 DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of Datasonic or persons connected to them has any interest, direct or indirect in the Co-operation.

9.0 STATEMENT BY THE BOARD OF DIRECTORS

The Board of Datasonic is of the opinion that the Co-operation is in the best interest of Datasonic.

10.0 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Co-operation pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.22% based on Datasonic's Audited Financial Statements for the financial year ended 31 March 2019.

11.0 DOCUMENT AVAILABLE FOR INSPECTION

The SA is available for inspection at the registered office of Datasonic at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur during normal business hours (9:00 a.m. to 5:00 p.m.) from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 23 October 2019.