

**MICROLINK SOLUTIONS BERHAD (“MSB” OR “COMPANY”)
JOINT VENTURE AND SHAREHOLDERS’ AGREEMENT BETWEEN MSB AND SCICOM
(MSC) BERHAD**

1. INTRODUCTION

The Board of Directors (“**the Board**”) of MSB is pleased to announce that MSB has on 22 July 2020 entered into a Joint Venture and Shareholders’ Agreement (“**JVSA**”) with Scicom (MSC) Berhad (“**SCICOM**”) (collectively referred to as the “**Parties**”) for the purpose of regulating the conditions for and of a joint venture company, namely, Asian Contact Solutions Sdn Bhd (formerly known as Asian Contact Centres Sdn Bhd) (the “**JVC**”) (“**Proposed JV**”).

The purpose of the Proposed JV is to formalise a collaboration between the Parties and to draw upon the skills, expertise, experience and capabilities of each other for the benefit of the JVC, to collectively bid for tenders with regard to eGovernment solutions and services in Malaysia.

2. INFORMATION ON SCICOM

SCICOM is a public limited company incorporated on 30 October 2002 under the Companies Act, 1965 and is listed on the Main Market of Bursa Malaysia Securities Berhad with its principal place of business at 25th Floor, Menara TA One, 22 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia. The principal activities of SCICOM Group include the provision of Business Process Outsourcing services, eGovernment solution services, eCommerce and digital marketing solution services and education services.

3. INFORMATION ON JVC

The JVC was incorporated on 3 November 2008 as a private limited company under the Companies Act, 1965. Its principal activity is the provision of end-to-end software solutions and associated services.

The existing issued and paid-up share capital of the JVC is RM10,000.00 comprising 10,000 ordinary shares, held by SCICOM entirely. Pursuant to the JVSA, the Parties shall be equal shareholders of the JVC.

The Directors of the JVC are Dato’ Sri Leo Suresh Ariyanayakam and Krishnan A/L C K Menon.

4. DETAILS OF THE PROPOSED JV

The Proposed JV involves the transfer of 5,000 ordinary shares in the JVC from SCICOM to MSB at a price of RM1.00 per ordinary share for a total acquisition price of RM5,000.00 only (“**Acquisition Price**”). Upon completion of the Proposed JV, the shareholding structure of the JVC shall be as follows:-

Parties	No. of shares	Equity proportions (%)
MSB	5,000	50
SCICOM	5,000	50
Total	10,000	100

4.1 Business of the Proposed JV

The core business of the JVC is the provision of eGovernment solutions and services which include the design, development, implementation, operation and maintenance of software (systems and mobile apps) and the provision of associated support services.

4.2 Salient Terms of the JVSA

- (i) The Board of Directors of the JVC shall comprise of five (5) Directors, two (2) Directors each to be nominated by MSB and SCICOM. The nomination of the fifth Director of the JVC shall be of a qualified individual that is agreed between the Parties.
- (ii) The Parties agree that SCICOM shall be responsible for the day-to-day management of the JVC which includes financial and business planning and management, operational management and human resource management.

4.3 Funding

MSB will fund the Acquisition Price through internally generated funds.

5. RATIONALE FOR THE PROPOSED JV

The Proposed JV is consistent with MSB's objective of seeking various strategic alliances and joint ventures for synergistic benefits and the Proposed JV is expected to pave the way for future collaborations between MSB Group and SCICOM.

6. EFFECTS OF THE PROPOSED JV

The Proposed JV has no effect on the share capital and substantial shareholders' shareholdings of MSB. The Proposed JV is not expected to have a material effect on the earnings per share, net assets per share and gearing of MSB Group for the financial year ending 31 March 2021.

Barring any unforeseen circumstances, the Proposed JV is expected to contribute positively to MSB Group's consolidated earnings and earnings per share in the future, when the Proposed JV is completed and the JVC records profit after tax.

7. PROSPECTS AND RISK FACTORS

The Proposed JV is intended to enable the Parties to combine their skills, expertise, experience and capabilities to collectively bid for tenders with regard to eGovernment solutions and services in Malaysia. Barring any unforeseen circumstances, the Proposed JV is expected to benefit the MSB Group.

The Company does not foresee any exceptional risk other than operational risk associated with the Proposed JV which are similar to the operational risks that MSB is already accustomed to. Hence the Board believes that the experience and expertise of its management team will enable the Group to mitigate these risks effectively.

8. APPROVALS REQUIRED

The Proposed JV does not require the approval of MSB's shareholders or any regulatory authorities. The Proposed JV is also not conditional upon any corporate proposal/exercise of MSB.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the other Directors of MSB or any person connected with them have any interest, whether direct and/or indirect, in the Proposed JV:

Dato' Jaganath Derek Steven Sabapathy ("**Dato' Jaganath**"), a Non-Independent Non-Executive Director and shareholder holding 1.524% equity interest in MSB, is also a substantial shareholder holding 5.197% equity interest in SCICOM.

Pursuant to rule 10.08 (11)(l) of Chapter 10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Proposed JV is not regarded as a related party transaction since there are no other interested relationships save for Dato' Jaganath's equity interest in SCICOM as aforementioned.

10. DIRECTORS' STATEMENT

After having considered all aspects of the Proposed JV, the Board (save for Dato' Jaganath who has abstained from deliberation and voting on the Proposed JV by virtue of his interest as set out under paragraph 9 above) is of the opinion that the Proposed JV is in the best interest of MSB Group.

11. EXPECTED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed JV is expected to be completed by the third quarter of calendar year 2020.

Upon completion of the Proposed JV, the JVC will become a 50% owned company of MSB.

12. PERCENTAGE RATIO

Based on the audited financial statements of MSB for the financial year ended 31 March 2019, the highest percentage ratio applicable to the Proposed JV pursuant to rule 10.02 (g)(vii) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 0.03%.

This announcement is dated 22 July 2020.