

1. INTRODUCTION

The Board of Directors (the “**Board**”) of SCICOM is pleased to announce that SCICOM has on 22 July 2020 entered into a Joint Venture and Shareholders’ Agreement (“**JV Agreement**”) with Microlink Solutions Berhad (“**MICROLINK**”) (hereinafter referred to collectively as “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*) (“**ACSSB**” or the “**JV Company**”) (the “**Proposed Joint Venture**”).

2. INFORMATION ON MICROLINK

MICROLINK is a public limited company incorporated on 7 July 2003 under the Companies Act, 1965 and is listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) with its principal place of business at Ho Hup Tower - Aurora Place, 02-08-01 - Level 8, Plaza Bukit Jalil, No. 1, Persiaran Jalil 1, Bandar Bukit Jalil, 57000 Kuala Lumpur, Malaysia.

MICROLINK is principally involved in investment holding and provision of research and development on information technology solutions to the financial services industry.

The holding company of MICROLINK is Omesti Berhad (“**Omesti**”), a public limited company listed on the Main Market of Bursa Malaysia.

3. DETAILS OF THE PROPOSED JOINT VENTURE

3.1 Purpose of the Proposed Joint Venture

The Proposed Joint Venture is intended to enable the Parties to combine their skills, expertise, experience, capabilities and resources to collectively bid for tenders with regard to eGovernment solutions and services in Malaysia.

3.2 Structure of the JV Company

ACSSB 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 ACSSB is RM10,000.00 comprising 10,000 ordinary shares, held by SCICOM entirely. Pursuant to the JV Agreement, the Parties shall be equal shareholders of ACSSB, the JV Company.

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

SCICOM (MSC) BERHAD (“SCICOM” OR THE “COMPANY”)

JOINT VENTURE AND SHAREHOLDERS’ AGEEMENT BETWEEN SCICOM AND MICROLINK SOLUTIONS BERHAD

The Proposed Joint Venture involves the transfer of 5,000 ordinary shares in ACSSB from SCICOM to MICROLINK at a price of RM1.00 per ordinary share. Upon completion of the Proposed Joint Venture, the shareholdings of the Parties in the JV Company shall be as follows:

Party	No. of ACSSB Equity Shares Held	Equity Shareholding in ACSSB
SCICOM	5,000	50%
MICROLINK	5,000	50%
Total	10,000	100%

3.3 Salient Terms of the JV Agreement

- (i) The Board of Directors of the JV Company shall comprise of five (5) Directors, two (2) Directors each to be nominated by SCICOM and MICROLINK. The nomination of the fifth Director of the JV Company 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 JV Company which includes financial management, business planning and management, operational management and human resource management.

3.4 Business of the Proposed Joint Venture

The core business of the JV Company 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. RATIONALE OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture is in line with SCICOM Group’s strategic plan to expand its eGovernment solutions and services.

The Proposed Joint Venture is expected to benefit the SCICOM Group.

5. PROSPECTS OF THE PROPOSED JOINT VENTURE

In view of the increasing digital and technology adoption by public and private sectors in Malaysia, the Board is of the opinion that the prospects for the Proposed Joint Venture are promising.

6. RISK FACTORS IN RELATION TO THE PROPOSED JOINT VENTURE

The Board does not foresee any material risks pursuant to the Proposed Joint Venture except for the political and economic risk and inherent business risk factors associated with software and technology industry.

7. SOURCE OF FUNDS

SCICOM will fund its investment in the JV Company through internally generated funds.

8. FINANCIAL EFFECTS OF THE PROPOSED JOINT VENTURE

The Proposed Joint Venture has no material effect on the share capital and substantial shareholders’ shareholdings of Scicom. It is also not expected to have a material effect on the earnings per share, gearing and net assets per share of SCICOM Group for the financial year ending 30 June 2021.

The Proposed Joint Venture is expected to contribute positively to the future earnings of SCICOM Group.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of SCICOM, as well as persons connected to them, have any interest, direct or indirect, in the Proposed Joint Venture.

10. APPROVALS REQUIRED FOR THE PROPOSED JOINT VENTURE

The Proposed Joint Venture does not require the approval from the shareholders of SCICOM or any relevant authorities.

11. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Joint Venture is expected to be completed by the third quarter of calendar year 2020.

Upon completion of the Proposed Joint Venture, the JV Company will become a 50%-owned company of SCICOM.

12. DIRECTORS’ STATEMENT

The Board, after having considered all aspects of the Proposed Joint Venture, including but not limited to the terms and conditions of the JV Agreement and the rationale for the Proposed Joint Venture, is of the opinion that the Proposed Joint Venture is in the best interest of the Company.

13. PERCENTAGE RATIO

Based on the audited financial statements of SCICOM for the financial year ended 30 June 2019, the highest percentage ratio applicable to the Proposed Joint Venture pursuant to paragraph 10.02 (g)(vii) of the Main Market Listing Requirements of Bursa Malaysia is 0.013%.

This announcement is dated 22 July 2020.