

# **DATASONIC GROUP BERHAD (COMPANY NO. 809759-X) (“DATASONIC”) JOINT VENTURE AGREEMENT BETWEEN CHROME GROUP AND DATASONIC**

## **1.0 INTRODUCTION**

The Board of Directors (“Board”) of Datasonic wishes to announce that Datasonic, had on 17 September 2019, entered into a Joint Venture Agreement (“JVA”) with Chrome Group (hereinafter collectively referred to as the “Parties”) to establish to a Joint Venture Company (“JVCo”) in Nigeria to:-

- 1) Explore and carry on business in Information Communications Technology (ICT) in Nigeria which include but not restricted to the following:-

Data Centre, Data Mining, Cloud Computing, Artificial Intelligence, Security Printing, Multi-application Secure Identity, e-Passport, e-Driving Licence, e-Health Solutions, e-Commerce, e-Payment, Fintech, Integrated Security and Surveillance Systems, Multimodal Facial Recognition Solutions and Border Control System;

- 2) Establish plants and factories in Nigeria for the purpose of delivery of these services; and
- 3) Explore any other business opportunities the parties may mutually agree to explore

(“Joint Venture”).

## **2.0 INFORMATION ON PARTIES TO THE JVA**

### **2.1 DATASONIC**

Datasonic, a public limited company listed on the Main Market of Bursa Malaysia Securities Berhad 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 CHROME GROUP**

Chrome Group, a Nigerian company having its address at 22 Lobito Crescent, Wuse II, Abuja, Federal Capital Territory (FCT) - Nigeria. The principal activities of Chrome are oil and gas, power, logistics, insurance, broadcasting and telecommunications.

## **3.0 SALIENT TERMS OF THE JVA**

- 3.1 The Parties agree that DATASONIC NIGERIA LIMITED, shall be the JVCo to be owned by both Parties on 60% for Chrome Group and 40% for Datasonic and with any such party or parties as the Parties may jointly agree from time to time.

- 3.2 A party may dispose a portion of its shares to any 3rd party. The other party shall be entitled to a right of first refusal or may grant consent for disposal as it deems fit. Such consent shall not be unreasonably refused.
- 3.3 The Parties shall agree on the corporate governance framework for the management and administration of the JVCo considering very high level of professionalism in line with international best standards and practice to achieve highest level of professionalism, efficiency and success.
- 3.4 Obligations of Chrome:-
- i) It shall provide local institutional legal and regulatory support and logistics for the set up and efficient administration of the JVCo.
  - ii) It shall also support the JVCo to secure projects and contracts in line with the mandate of the JVCo.
  - iii) It shall also provide competent management level staff to the operation and administration of the JVCo as may be agreed by the Parties.
- 3.5 Obligations of Datasonic:-
- i) Datasonic shall provide and deploy appropriate technology, technical, expertise, technical staff, support and the platform for the operation, governance and administration of the JVCo to ensure efficiency, professionalism and smooth running of the JVCo.
  - ii) It shall also provide competent management level staff to the operation and administration of the JVCo as may be agreed by the Parties.
- 3.6 If any party intends to terminate the JVA at any time prior to the expiration of the current term or renewed term, the party shall give the other party at least three (3) months' written notice of its intention to do so.
- 3.7 All due or pending contracts or obligations before the termination of the JVA shall be fully concluded, implemented, reimbursed or paid before the obliged party is discharged of its liability under the JVA.

#### **4.0 DURATION OF THE JVA**

The JVA shall be in force for a term of five (5) years, and shall be automatically renewable.

#### **5.0 RATIONALE**

- 5.1 Datasonic is currently the biggest security-related ICT company in Malaysia with proven track record and export capabilities. In line with its mission to transform Datasonic into one of the top security-related ICT companies in the world, the entering into the JVA will be Datasonic's strategic move to expand its business internationally.
- 5.2 The current population of Nigeria is approximately 202 million. The business activities in Nigeria, if successful, will contribute positively to Datasonic Group's future revenue and profitability.

**6.0 RISK FACTORS**

Subject to the successful bidding of project(s) in Nigeria, Datasonic does not foresee any major risk factor associated with the entering into the JVA except for business risks, operational risks, foreign exchange risks and risks arising from changes in the laws, regulations and governments’ policies pertaining to the project(s). As such, the management would put in place control measures and operational procedures to reduce the impact or likelihood of such events.

**7.0 ESTIMATED FINANCIAL COMMITMENT**

The financial commitment for the Joint Venture will be determined upon successful bidding of project(s) in Nigeria. Datasonic intends to fund the Joint Venture through internally generated funds and/or bank borrowings.

**8.0 FINANCIAL EFFECTS OF THE JOINT VENTURE**

**8.1 Share capital and substantial shareholders’ shareholdings**

The Joint Venture will not have any effect on the share capital and substantial shareholders’ shareholdings of Datasonic Group.

**8.2 Earnings per share, net assets per share and gearing**

The Joint Venture 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.

**9.0 APPROVAL REQUIRED**

The Joint Venture is not subject to the approval of the shareholders of Datasonic or any relevant authorities.

**10.0 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 Joint Venture.

**11.0 STATEMENT BY THE BOARD OF DIRECTORS**

The Board of Datasonic is of the opinion that the Joint Venture is in the best interest of Datasonic.

## **12.0 DOCUMENT AVAILABLE FOR INSPECTION**

The JVA 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 Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 17 September 2019.