

COMPUGATES HOLDINGS BERHAD (669287-H)
(Incorporated in Malaysia)

ANNOUNCEMENT TO BURSA MALAYSIA
COMPUGATES HOLDINGS BERHAD (“COMPUGATES” or “Company”)

SUBJECT MATTER: JOINT-VENTURE AGREEMENT

1. INTRODUCTION

The Board of Directors of Compugates Holdings Berhad (“Compugates” or “the Company”) wish to announce that its sub-subsidiary, Compugates International Ltd (Cambodia) (hereinafter “CILC”) had entered into a Joint Venture Agreement (“JV Agreement”) with Hydra & Thermal Pte. Ltd. and Tan Teck Kee for the purposes of incorporating a company in Cambodia to be known as Serial Netcom Co. Ltd (hereinafter “**SERIAL NETCOM**”) for distribution and trading businesses of SIM cards and top-up cards in Cambodia for Smart Axiata Co., Ltd and other telecommunications operators upon other terms and conditions as may be agreed in the said Agreement.

2. INFORMATION ON HYDRA & THERMAL PTE. LTD

HYDRA & THERMAL PTE. LTD. (Company Registration No. : 201006503G), the subsidiary of Serial System Ltd listed on SGX Mainboard, a company incorporated in Singapore with its registered office at 17 Tractor Road Singapore 627975 (hereinafter “**HYDRA**”).

Its present issued paid-up capital is S\$3,067,855 consisting of 3,067,855 ordinary shares of S\$1 each.

The principal activities of HYDRA are to carry on the business of distribution of household appliances and consumer electronic products.

3. INFORMATION ON TAN TECK KEE

TAN TECK KEE (NRIC No. : S7423029F) of Block 94C Bedok North Avenue 4 #08-1399, Singapore 462094 (hereinafter, “**Tan TK**”).

Tan TK is currently a Director of many other businesses in Cambodia relating to Property sales/rental, Banking, Construction, Recycling of scrap metal, Pawn shop and high-end Home furniture/ appliances.

Tan TK graduated with a Bachelor of Business Administration Degree from the National University of Singapore in 1998. He was an ex-Deputy Superintendent of Police with the Singapore Police Force, as well as a professional Crisis Negotiator trained by the London Metropolitan Police in New Scotland Yard.

4. INFORMATION ON THE JOINT-VENTURE AGREEMENT

CILC, HYDRA and Tan TK (hereinafter “The Parties”) intend to incorporate a company in Cambodia to be known as **SERIAL NETCOM** for the distribution and trading businesses of SIM cards and top-up cards in Cambodia for Smart Axiata Co., Ltd and other telecommunications operators upon other terms and conditions as may be agreed in the JV Agreement.

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The Parties wish to enter into a joint venture agreement for the purposes of regulating the management and operations of and to provide certain matters relating to the Joint Venture on the terms and conditions set out in the JV Agreement.

4.1 Structure of SERIAL NETCOM

SERIAL NETCOM shall issue a share capital of US\$100,000 comprising 100,000 ordinary shares held in the following proportions:

- (i) 60,000 ordinary shares, representing 60% of the issued share capital of Serial Netcom, by HYDRA; and
- (ii) 30,000 ordinary shares, representing 30% of the issued share capital of Serial Netcom, by CILC;
- (iii) 10,000 ordinary shares, representing 10% of the issued share capital of Serial Netcom, by Tan TK;

4.2 Source of Fund

The total investment of US\$30,000.00 by CILC in Serial Netcom will be funded through internal resources.

4.3 Board Composition

Unless the initial shareholding ratio of HYDRA and CILC in SERIAL NETCOM is materially changed, (i) HYDRA shall be entitled to appoint three (3) persons (***Hydra Director***) as directors, and (ii) CILC shall be entitled to appoint two (2) persons (***Compugates Director***) as directors. Each Director shall be entitled to disclose any information relating to the Company, including any matter discussed at any Board meeting, to the Shareholder which appointed him.

5. RATIONALE FOR THE JOINT-VENTURE AGREEMENT

The Parties seek to optimize the combined strengths of each partner in their respective fields.

CILC has considerable expertise and experience in marketing and distributing mobile telephony related products in the Territory of Cambodia. The joint venture is in line with CILC's current business direction and strategy to increase company's revenue.

6. PROSPECTS

The Board of CILC believe there is synergistic value by entering into this JV with HYDRA. Both HYDRA and CILC can leverage on each other's strength as Cambodia is a growing market with vast potentials, not only in Telco but also other distribution business.

7. RISKS

The risk are the normal risks encountered by other companies undertaking similar endeavour and the Group has taken the necessary steps to protect itself and to mitigate the risks as and when it occurs.

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8. EFFECTS OF THE JOINT-VENTURE AGREEMENT

The entry into the JV Agreement is not expected to have a material effect on the net assets and gearing of Company and the Group for the financial year ending 31 December 2015. However, the JV Agreement is expected to contribute to the earnings of the Company and the Group for the financial year ending 31 December 2015 onwards.

The entry into the JV Agreement will not have any effects on the issued and paid-up share capital of Compugates as well as its substantial shareholders' shareholdings.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and substantial shareholders of Compugates and/or person(s) connected to them have any interest, direct or indirect in the JV Agreement.

10. APPROVALS REQUIRED

The entry into the JV Agreement is not subject to the approval of shareholders of the Company and/or regulatory authorities.

11. STATEMENT OF THE DIRECTORS

The Board, having considered all aspects of the JV Agreement, is of the opinion that the JV Agreement is in the best interest of Compugates.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The JVA is available for inspection at the registered office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur during normal business days from Mondays to Fridays (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 12 August 2015.