



TECHNODEX BHD.

200301025214 (627634-A)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF TECHNODEX BHD. (“TDEX” OR THE “COMPANY”) HELD ON FRIDAY, 9 DECEMBER 2022 AT 11:00 A.M.

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

Operational & Financial Matters (“O&F”)

Q1. The Group’s investment in quoted shares in Malaysia amounted to RM1.38 million (2021: Nil) and the said investment had a fair value loss RM0.67 million (2021: Nil) (Note 10, page 94 of AR2022).

- (a) Which quoted shares did the Group purchase? Which quoted shares contributed to the fair value loss of RM0.67 million?**
- (b) What is the investment objective of investing in these quoted shares?**
- (c) Please elaborate on the risk management and decision-making processes when investing in these quoted shares in Malaysia.**

A1. The investment in quoted shares is part of our Company’s initiative after considering the business growth, earnings potentials, and upside on market valuation of the quoted shares. The Company’s investment objective in quoted shares is to achieve capital gains.

On 4 August 2021, our Company purchased 7,060,000 ordinary shares in Waja Konsortium Berhad (“WAJA”) at RM0.195 per share. The total cost of investment in WAJA shares was approximately RM1.38 million.

Before investing, the Company took reference to WAJA’s circular to shareholders dated 24 May 2021 about WAJA’s proposed diversification. WAJA has identified the Construction Business as a viable business to venture into to tap the construction industry’s positive outlook as part of their initiative to improve earnings and achieve improved financial performance.

However, after the investment in WAJA, the share price has decreased to RM0.10 per share as at 30 June 2022, which resulted in our Company recording a fair value loss of RM0.67 million for the financial year ended (“FYE”) 30 June 2022. The Company shall continue to regularly monitor our investment and the significant factors in the investment performance such as the outlook of Malaysia economy and Construction Business.

Q2. Based on management's impairment assessment, impairment losses on the cost of investments in application, support, services and hardware and e-commerce subsidiary companies of RM8.54 million (2021: RM1.07 million) and RM4.18 million (2021: Nil) respectively were recognised during the financial year. (Note 8, page 89 of AR2022).

(a) To which subsidiary companies do the said impairments relate to?

(b) What is the reason for the significant increase in impairment losses on the cost of investments in application, support, services and hardware and ecommerce subsidiary companies?

A2. The impairment losses recognised during the financial year amounting to RM12.72 million were mainly due to the impairment losses on the cost of investment in our two (2) subsidiaries, namely Grayscale Technologies Sdn Bhd (formerly known as Technodex Solutions Sdn Bhd) and Surfstek Resources (R&D) Sdn Bhd amounting to RM8.54 million and RM4.18 million, respectively.

The increase in impairment losses on the cost of investment in subsidiaries was mainly due to continuous losses incurred by Grayscale Technologies Sdn Bhd and Surfstek Resources (R&D) Sdn Bhd. The management is of the view that the prospect of the ICT industry remains challenging in view of, amongst others, the following:

- i. Global supply chain disruption leads to higher freight charges, shortage in chip components and trade tension;
- ii. On-going global economic uncertainty and volatility (including due to the COVID-19 pandemic) which affects our export sales and business expansion;
- iii. Weakening of Ringgit Malaysia against US Dollar which is expected to increase our cost of purchases that involved the import of hardware and accessories; and
- iv. High inflation rates that triggered aggressive rate hikes globally which have spurred recession fears and dampened sentiment.

Despite the challenging environment, our Group will continue to focus on the development and future growth of our existing businesses. You may refer to page 11 and page 12 of the Annual Report 2022 for further information. For your information, the impairment losses on the cost of investment in subsidiaries could be reversed if there are favourable events improving the financial performance of Grayscale Technologies Sdn Bhd and Surfstek Resources (R&D) Sdn Bhd.

- Q3. The Company's annual report does not disclose any 5-year financial highlights to provide some useful financial indicators such as revenue, profit/loss before tax, profit/loss after tax, gearing level, return on equity, net assets per share, dividend per share, dividend pay-out ratio, share price.**

The financial highlight provides a quick snapshot for shareholders to see the past financial performance of a company.

Please provide this information in the form of tables, charts or graphs in future annual reports, as it would provide meaningful information to shareholders.

- A3. We take note of your feedback and will present the 5-year financial highlights in the form of tables, charts or graphs in our future annual reports.**

QUESTION RAISED BY THE SHAREHOLDERS

- Q1. Can the Company have hybrid or physical or online Annual General Meeting/Extraordinary General Meeting on next year?**

- A1. We take note of your suggestion. However, the decision on the conduct of the AGM (whether physical, hybrid or virtual) will be guided by the directives from the regulators.**

- Q2. Kindly give the shareholders some e-vouchers, food vouchers or e-wallet for being loyal shareholders and attending this Meeting. Times are bad now. Please be considerate to shareholders during these trying times.**

- A2. The Company is of the view that any distribution should be fair to all shareholders including those who are not able to attend this Meeting. However, the Company will take note and consider all suggestions from shareholders. We sincerely hope that you will continue to give your full support to our Company and we look forward to meeting you at our next AGM.**