

TECHNODEX BHD ("TDEX" OR THE "COMPANY")

- (I) PROPOSED SUBSCRIPTION OF 50% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF SURFSTEK RESOURCES (R&D) SDN BHD ("SURFSTEKR&D") ("PROPOSED SUBSCRIPTION IN SURFSTEKR&D"); AND
- (II) PROPOSED SUBSCRIPTION OF 50% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF MYPROPERTY DATA SDN BHD ("MYPROPERTY") ("PROPOSED SUBSCRIPTION IN MYPROPERTY");

(HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PROPOSALS").

1. INTRODUCTION

The Board of Directors of TDEX ("**Board**") wishes to announce that the Company had on 3 June 2015 entered into the following shareholders' agreements:-

- (a) the shareholders' agreement between the Company and SurfsTeK Resources (M) Sdn Bhd ("**SurfsTeK**") ("**Shareholders' Agreement I**") to subscribe for an aggregate of 1,500,000 new ordinary shares of RM1.00 each in SurfsTeKR&D ("**SurfsTeKR&D Shares**") representing 50% of the enlarged issued and paid-up share capital of SurfsTeKR&D for a total cash consideration of RM1.50 million and to regulate the relationships between the Company and SurfsTeK *inter se* as the shareholders of SurfsTeKR&D ("**Proposed Subscription in SurfsTeKR&D**"); and
- (b) the shareholders' agreement between the Company and Epilog Tenggara Sdn Bhd ("**Epilog**") ("**Shareholders' Agreement II**") to subscribe for an aggregate of 1,500,000 new ordinary shares of RM1.00 each in MyProperty ("**MyProperty Shares**") representing 50% of the enlarged issued and paid-up share capital of MyProperty for a total cash consideration of RM1.50 million and to regulate the relationships between the Company and Epilog *inter se* as the shareholders of MyProperty ("**Proposed Subscription in MyProperty**").

The abovementioned Shareholders' Agreement I and Shareholders' Agreement II shall hereinafter collectively referred to as the "**Shareholders' Agreements**".

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. THE PROPOSED SUBSCRIPTION IN SURFSTEKR&D

2.1 Details of the Proposed Subscription in SurfsTeKR&D

The Proposed Subscription in SurfsTeKR&D involves the cash subscription of one (1) SurfsTeKR&D Share each by TDEX and SurfsTeK upon the incorporation of SurfsTeKR&D. Additional subscription of SurfsTeKR&D Shares by the parties will be made within thirty (30) days from the incorporation of SurfsTeKR&D or such extended period as may be agreed in writing from time to time between the parties as follows:-

- (a) additional subscription by TDEX of 1,499,999 SurfsTeKR&D Shares for a cash consideration of RM1,499,999; and
- (b) additional subscription by SurfsTeK of 1,499,999 SurfsTeKR&D Shares by way of transferring and assigning its ownership of the copyright and all other intellectual property rights and confidential information known as HotelSurfs, TalkSurfs and PaySurfs (collectively, the "**SurfsTeK IP**") valued at RM1,499,999 to SurfsTeKR&D.

The summary of the Proposed Subscription in SurfsTeKR&D are as set out below:-

Parties	Subscribers' Shares	No. of Additional SurfsTeKR&D Shares to be Subscribed	Total No. of SurfsTeKR&D Shares	%
TDEX SurfsTeK	1	1,499,999	1,500,000	50.0
	1	1,499,999	1,500,000	50.0
	2	2,999,998	3,000,000	100.0

Upon the completion of the Proposed Subscription in SurfsTeKR&D, SurfsTeKR&D shall become a 50%-owned subsidiary of TDEX and shall be principally involved, amongst others, in following areas of businesses:-

- (a) Online Hotel Reservation Services for Malaysia and globally;
- (b) International Roaming Services for business and leisure travellers; and
- (c) eCommerce Payment Gateway using the SurfsTeK IP;

(hereinafter collectively referred to as the “**SurfsTeKR&D Business**”).

2.2 Background Information on SurfsTeK

SurfsTeK was incorporated in Malaysia under the Companies Act, 1965 (“**Act**”) as a private limited company on 21 November 2005. SurfsTeK is principally involved in Online Hotel Reservation Services for Malaysia and globally, International Roaming Services for business and leisure travellers and eCommerce Payment Gateway.

The authorised share capital of SurfsTeK is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 1,700,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

2.3 Basis of Arriving on the Subscription Consideration

The total subscription consideration of RM1.50 Million, based on par value of RM 1 per share, was arrived at on a willing buyer willing seller basis and after taking into consideration the value of the SurfsTeK IP. The Proposed Subscription in SurfsTeKR&D would be funded through the Company’s internally generated funds.

2.4 Liabilities to be Assumed

There are no liabilities including contingent liabilities and guarantees to be assumed by TDEX arising from the Proposed Subscription in SurfsTeKR&D.

2.5 Salient Terms and Conditions of the Shareholders' Agreement I

The salient terms and conditions of the Shareholders' Agreement I include, amongst others, the following:-

- (a) The Proposed Subscription in SurfsTeKR&D is conditional upon and subject to the fulfilment of the following conditions:-
 - (i) The obligations of TDEX and SurfsTeK are conditional upon the completion of due diligence investigations and financial audit over the Surfstek IP including the certification(s) of each respective Surfstek IP by TDEX and its professional legal and financial advisors and consultants, and the results thereof being satisfactory to TDEX in its sole and absolute discretion before six months from the date of the shareholder's agreement, or such longer period as may be mutually agreed by the parties (the "Cut-off Date"), notwithstanding any matter or fact that may have been disclosed to TDEX by SurfsTeK and/or their agents in relation to the SurfsTeK IP and where the due diligence investigations and financial audit reveal any unsatisfactory matters which TDEX requires SurfsTeK to remedy, the remedy of these matters to the satisfaction of TDEX at any time and from time to time before the Cut-off Date.
 - (ii) SurfsTeK hereby covenants with TDEX that it shall promptly and expeditiously take such steps as are necessary to procure or assist in the satisfaction or fulfilment of the due diligence under paragraph 2.5(a)(i) above including furnishing to TDEX all correspondence and documentary evidence in respect of the SurfsTeK IP.

Should the due diligence exercise yields findings that certain events or circumstances which will reasonably and adversely affect the decision of TDEX in determining that the due diligence investigations and financial audit is satisfactory, SurfsTeK when requested by TDEX shall remedy the matters which are unsatisfactory to TDEX before the Cut-off Date to the satisfaction of TDEX.
- (b) If the conditions precedent specified in Section 2.5(a) above are not satisfied and fulfilled or is not waived in writing by TDEX on or before the Cut-off Date, the Shareholders' Agreement I shall automatically terminated and each of the parties shall be released and discharged from their respective obligations and shall have no claim against the other for costs, damages, compensation or otherwise arising from the Shareholders' Agreement I save and except for any antecedent breach.
- (c) The parties shall subscribe for 1 SurfsTeKR&D Share each in cash and cause SurfstekR&D to be incorporated and further subscribe for additional SurfsTeKR&D Shares within thirty (30) days or such other time as the parties may mutually agree to in writing from the incorporation of SurfstekR&D in the following manner:-
 - (i) TDEX shall subscribe for additional 1,499,999 SurfsTeKR&D Shares by way of a payment in cash of RM1,499,999; and
 - (ii) SurfsTeK shall subscribe for additional 1,499,999 SurfsTeKR&D Shares by way of transferring and assigning its ownership of the copyright, all other intellectual property rights and confidential information rights to the Surfstek IP valued at RM1,499,999 to SurfsTeKR&D.

- (d) The parties agree that the obligation of TDEX to subscribe for its allotment of the SurfsTeKR&D Shares is subject to SurfsTeK having first transferred and assigned its ownership of the SurfsTeK IP to the value of RM1,500,000 and to the warranties remaining true and not misleading at subscription as if repeated at the time of subscription and at all times between the date of the Shareholders' Agreement I and the date of subscription.
- (e) SurfsTeK agrees with TDEX that the copyright, all other intellectual property rights and confidential information in the SurfsTeK IP shall belong to SurfsTeKR&D upon subscription of SurfsTeKR&D Shares by SurfsTeK notwithstanding that the Shareholders' Agreement I is or may be terminated in accordance with the provisions therein and SurfsTeKR&D shall be entitled to use, license, sell or deal with the SurfsTeK IP in any manner SurfsTeKR&D deems fit.
- (f) The parties agree that SurfstekR&D shall carry on the SurfstekR&D Business which may or will require SurfstekR&D at its own costs and expense carry on the research and conceptualisation to design, develop and write computer software programs using the Surfstek IP for use in connection with the SurfstekR&D Business ("**Programs**").
- (g) The parties agree that the copyright and all other intellectual property rights and confidential information in the Programs and other research and conceptualisation work designed, developed and written by SurfstekR&D using the Surfstek IP and or any other data source for use in connection with the SurfstekR&D Business shall belong to SurfstekR&D in any event notwithstanding that the Shareholders' Agreement I is lawfully terminated in accordance with the provisions herein and SurfstekR&D shall be entitled to use, license, sell or deal with the Programs in any manner SurfstekR&D deems fit.
- (h) Unless the parties hereto unanimously agree in writing to such additional directors, SurfstekR&D shall have four (4) directors with each party entitled to appoint two (2) directors at all times provided always that the parties shall maintain its respective 50% shareholdings in SurfstekR&D.
- (i) Notwithstanding anything to the contrary in the Shareholders' Agreement I:-
 - (i) no shareholder shall transfer SurfstekR&D Shares held by it or otherwise sell, dispose of or deal with all or any part of its interest in such SurfstekR&D Shares unless such transfer is permitted under Clause 7.3 of the Shareholders' Agreement I;
 - (ii) no Shareholder shall at any time transfer SurfstekR&D Shares held by it to a person who:-
 - (aa) is a competitor of SurfstekR&D;
 - (bb) holds more than 5% equity interest in any competitor of SurfstekR&D; or
 - (cc) engages in substantially the same business as the SurfstekR&D Business;

without the prior written consent of all the other shareholders of SurfstekR&D.

3. THE PROPOSED SUBSCRIPTION IN MYPROPERTY

3.1 Details of the Proposed Subscription in MyProperty

The Proposed Subscription in MyProperty involves the cash subscription of one (1) MyProperty Share each by TDEX and Epilog upon the incorporation of MyProperty. Additional subscription of MyProperty Shares by the parties will be made within thirty (30) days from the incorporation of MyProperty or such extended period as may be agreed in writing from time to time between the parties as follows:-

- (a) additional subscription by TDEX of 1,499,999 MyProperty Shares for a cash consideration of RM1,499,999; and
- (b) additional subscription by Epilog of 1,499,999 MyProperty Shares by way of transferring its property data records valued at RM1,499,999 to MyProperty.

The summary of the Proposed Subscription in MyProperty are as set out below:-

Parties	Subscribers' Shares	No. of Additional MyProperty Shares to be Subscribed	Total No. of MyProperty Shares	%
TDEX	1	1,499,999	1,500,000	50.0
Epilog	1	1,499,999	1,500,000	50.0
	2	2,999,998	3,000,000	100.0

Upon the completion of the Proposed Subscription in MyProperty, MyProperty shall become a 50%-owned subsidiary of TDEX and shall be principally involved in research, consultation and sale of property data and to carry out property data related services using the Property Data Record (as defined in Section 3.2 below).

3.2 Background Information on Epilog

Epilog was incorporated in Malaysia under the Act as a private limited company on 23 September 2014. Epilog is principally involved in the research, consultation and sale of property data and to carry out property data related services using the Property Data Record. As at the date of this announcement, Epilog is in the possession of and has ownership of and the rights to a library or archive or a record of 1,500,000 properties data in Malaysia ("**Property Data Record**").

The authorised share capital of Epilog is RM 400,000 comprising 400,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

3.3 Basis of Arriving on the Subscription Consideration

The total subscription consideration of RM1.50 Million, based on par value of RM 1.00 per share, was arrived at on a willing buyer willing seller basis, after taking into consideration the value of the Property Data Record to be injected by Epilog into MyProperty. The Proposed Subscription in MyProperty would be funded through the Company's internally generated funds.

3.4 Liabilities to be Assumed

There are no liabilities including contingent liabilities and guarantees to be assumed by TDEX arising from the Proposed Subscription in MyProperty.

3.5 Salient Terms and Conditions of the Shareholders' Agreement II

- (a) Each of the parties shall subscribe for one (1) MyProperty Share each in cash and cause MyProperty to be incorporated and further subscribe for additional MyProperty Shares within thirty (30) days or such other time as the parties may mutually agree to in writing from the incorporation of MyProperty in the following manner:-
 - (i) TDEX shall subscribe for 1,499,999 MyProperty Shares by way of a payment in cash of RM1,499,999; and
 - (ii) Epilog shall subscribe for 1,499,999 MyProperty Shares by way of transferring and assigning its ownership of the copyright, all other intellectual property rights and confidential information rights to the Property Data Record valued at RM1,499,999 calculated at the rate of RM1 for the data of each property in the Property Data Record.
- (b) The parties agree that the obligation of TDEX to subscribe for its allotment of MyProperty Shares is subject to Epilog having first transferred and assigned its ownership of the copyright, all other intellectual property rights and confidential information rights to the Property Data Record to the value of RM1,500,000 and to the warranties remaining true and not misleading at subscription as if repeated at the time of subscription and at all times between the date of the Shareholders' Agreement II and the date of subscription.
- (c) Other than the subscription for MyProperty Shares by the parties there shall be no other shareholder and no third party shall acquire any MyProperty Shares except in accordance with the provisions of the Shareholders' Agreement II.
- (d) The parties agree that the subscription by way of cash by TDEX shall be used for the working capital requirements of MyProperty.
- (e) The parties further agree that if the RM1,500,000 cash subscription by TDEX is not sufficient for the working capital requirements of MyProperty then any working capital shortfall shall be contributed by the parties in proportion to their respective shareholdings by way of advances or loans to MyProperty.
- (f) Epilog is the legal owner of and has the rights to the Property Data Record including the copyright, all other intellectual property rights and confidential information contained in the Property Data Record and the use of the Property Data Record for the business does not in any way infringe or breach any copyright or intellectual property rights or confidential information or any other right of any person and Epilog shall indemnify and keep TDEX and MyProperty indemnified against all liabilities claims demands actions costs and damages arising out of any claim or action that the operation, possession or use of the Property Data Record by MyProperty infringes the copyright or intellectual property rights or confidential information or any other right of any person.

- (g) Epilog agrees with TDEX that the copyright, all other intellectual property rights and confidential information in the Property Data Record shall belong to MyProperty upon subscription of the MyProperty Shares by Epilog notwithstanding that the Shareholders' Agreement II is or may be terminated in accordance with the provisions therein and MyProperty shall be entitled to use, license, sell or deal with the Property Data Record in any manner MyProperty deems fit.
- (h) The parties agree that MyProperty shall carry on the business which may or will require MyProperty at its own costs and expense carry on the research and conceptualisation to design, develop and write computer software programs using the Property Data Record for use in connection with the Business ("**Programs**").
- (i) The parties agree that the copyright and all other intellectual property rights and confidential information in the Programs and other research and conceptualisation work designed, developed and written by MyProperty using the Property Data Record and or any other data source for use in connection with the business shall belong to MyProperty in any event notwithstanding that the Shareholders' Agreement II is lawfully terminated in accordance with the provisions therein and MyProperty shall be entitled to use, license, sell or deal with the Programs in any manner MyProperty deems fit.
- (j) Unless the parties hereto unanimously agree in writing to such additional directors, MyProperty shall have four (4) directors with each party entitled to appoint two (2) directors at all times provided always that the parties shall maintain its respective 50% shareholding in MyProperty.
- (k) No shareholder shall transfer the MyProperty Shares held by it or otherwise sell, dispose of or deal with all or any part of its interest in such MyProperty Shares unless such transfer is permitted under the Shareholders' Agreement II.
- (l) No shareholder shall at any time transfer MyProperty Shares held by it to a person who:-
 - (i) is a competitor of MyProperty;
 - (ii) holds more than 5% equity interest in any competitor of MyProperty; or
 - (iii) engages in substantially the same business as the Business;
 without the prior written consent of all the other shareholders of MyProperty.

4. RATIONALE AND PROSPECTS OF THE PROPOSALS

The Proposals will be strategic and beneficial to the business of TDEX and its subsidiaries ("**Group**" or "**TDEX Group**") as it provides an opportunity for the Group to tap onto SurfsTek's expertise in the consumer business and Epilog's expertise in data content business.

The Board also believes that the investments in SurfsTeKR&D and MyProperty will complement the Group's existing business by providing opportunities for the Group to seek out new businesses and markets within the information technology industry to maintain financial growth.

5. RISK FACTORS

The completion of the Proposals is subject to, inter-alia, the fulfilment of the conditions precedent and terms and conditions set out in the Shareholders' Agreements. In the event of non-fulfilment of any conditions precedent, it may result in the Shareholders' Agreements being terminated and TDEX may not be able to enjoy the resultant benefits from the Proposals.

Save as disclosed above, the Board does not foresee any additional risk that the Group may be exposed to pursuant to the Proposals.

6. EFFECTS OF THE PROPOSALS

The Proposals will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company.

The Proposals are also not expected to have any material effects on the net assets, gearing, earnings and earnings share of the Company and/or the Group (whichever applicable).

7. APPROVALS REQUIRED

The Proposals are not subject to the approval of the shareholders of TDEX and any other relevant authorities and/or parties.

The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Group.

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of all conditions precedent as set out in the Shareholders' Agreement, the Board expects the Proposals to be completed by August 2015.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of TDEX and/or persons connected to them as defined in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), has any interest, direct or indirect, in the Proposals.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, including but not limited to the salient terms of the Shareholders' Agreements, rationale, prospects and basis of the subscription consideration for the Proposals, is of the opinion that the Proposals are in the best interest of the TDEX Group and is not detrimental to the shareholders of TDEX.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio as set out in Rule 10.02(g) of the Listing Requirements is for the Proposals is 7.1%.

12. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

As at the date of this announcement, there is no other proposal which has been announced but pending implementation.

13. DOCUMENTS FOR INSPECTION

The Shareholders' Agreements may be inspected at the registered office of TDEX at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) within three (3) months from the date of this announcement.

This announcement is dated 3 June 2015.