

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

- (I) PROPOSED ACQUISITION OF AN ADDITIONAL 42% EQUITY INTEREST BY TDEX IN IDEALSEED RESOURCES SDN BHD ("IDEALSEED") FOR A PURCHASE CONSIDERATION OF RM2,677,500 ("PROPOSED ACQUISITION I"); AND
- (II) PROPOSED ACQUISITION OF THE REMAINING 50% EQUITY INTEREST IN SURFSTEK RESOURCES (R&D) SDN BHD ("SURFSTEK R&D") BY TDEX FOR A PURCHASE CONSIDERATION OF RM13,455,000 ("PROPOSED ACQUISITION II")

(COLLECTIVELY REFERRED TO AS THE "PROPOSED ACQUISITIONS")

1. INTRODUCTION

On behalf of the Board of Directors of TDEX ("**Board**"), TA Securities Holdings Berhad ("**TA Securities**") wishes to announce that the Company had on 2 November 2016 entered into the following: -

- (a) a sale and purchase of shares agreement with Tan Wah Choy ("**TWC**") and Wong Siam Hong ("**WSH**") (collectively, "**Idealseed Vendors**") for the acquisition of an additional 210,000 ordinary shares of RM1.00 each in Idealseed ("**Idealseed Shares**") from the Idealseed Vendors, representing 42% of the total issued and paid-up share capital in Idealseed for a purchase consideration of RM2,677,500 ("**Purchase Consideration I**") ("**Idealseed SPA**"); and
- (b) a sale and purchase of shares agreement with SurfsTek Resources (M) Sdn Bhd ("**SurfsTek**") for the acquisition of the remaining 1,500,000 ordinary shares of RM1.00 each in SurfsTek R&D ("**SurfsTek R&D Shares**"), representing 50% of the total issued and paid-up share capital in SurfsTek R&D for a purchase consideration of RM13,455,000 ("**Purchase Consideration II**") ("**SurfsTek SPA**").

Further details of the Proposed Acquisitions are set out below.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Proposed Acquisition I

2.1.1 Details of Proposed Acquisition I

Idealseed is a 55%-owned subsidiary of TDEX. Pursuant to the Idealseed SPA, TDEX shall acquire an additional 210,000 Idealseed Shares, representing 42% of the remaining issued and paid-up share capital in Idealseed for a purchase consideration of RM2,677,500 which will be fully satisfied via the issuance and allotment of 13,387,500 new ordinary shares of RM0.10 each in TDEX ("**TDEX Shares**" or "**Shares**") to the Idealseed Vendors at an issue price of RM0.20 per TDEX Share ("**Consideration Shares for Proposed Acquisition I**").

Subject to the terms and conditions of the Idealseed SPA, the Idealseed Vendors shall sell, and the Company relying *inter alia* on the warranties shall purchase the Idealseed Shares free from all liens, pledges, charges and encumbrances and with all rights attached thereto as from the date of Idealseed SPA including all dividends and distributions declared, paid or made in respect thereof on or after the date of Idealseed SPA at Purchase Consideration I.

Upon completion of Proposed Acquisition I, Idealseed will become a 97%-owned subsidiary of TDEX. The remaining equity interest of 1.6% and 1.4% in Idealseed will be held by existing shareholders, Tan Wah Choy and Lee Chang Sern respectively.

2.1.2 Background information on Idealseed

Idealseed was incorporated in Malaysia under the Companies Act, 1965 (“**Act**”) as a private limited company on 24 November 2004 and commenced operations in 2005.

As at 24 October 2016, being the latest practicable date prior to this announcement (“**LPD**”), Idealseed has an authorised share capital of RM500,000 comprising 500,000 Idealseed Shares, all of which have been issued and fully paid-up.

Idealseed is principally involved in the provision of employment, consultancy and management services such as the provision of recruitment services, human resource management services, corporate planning and administration services, corporate social responsibility services and security services. Its subsidiary, Idealseed Arrow Head Sdn Bhd is principally involved in the provision of information technology (“**IT**”) outsourcing, IT projects and provision of recruitment and employment services. As at the LPD, Idealseed does not have any associated company.

The Directors and shareholders of Idealseed as at the LPD are as follows: -

Directors/ Shareholders	Direct		Indirect	
	No. of Idealseed Shares	%	No. of Idealseed Shares	%
Directors and/or shareholder				
Tan Wah Choy	178,000	35.6	-	-
Tan Sze Chong	-	-	-	-
Tan Boon Wooi	-	-	-	-
Shareholders				
TDEX	275,000	55.0	-	-
Wong Siam Hong	40,000	8.0	-	-
Lee Chang Sern	7,000	1.4	-	-

A summary of the financial information of Idealseed for the past three (3) years up to financial year ended (“**FYE**”) 30 April 2016 and the financial period ended (“**FPE**”) 30 April 2015 are disclosed in Appendix I of this announcement.

2.1.3 Salient terms and conditions of the Idealseed SPA

The salient terms and conditions of the Idealseed SPA include, amongst others, the following: -

(a) Payment of Purchase Consideration I

- (i) TDEX shall issue and allot the Consideration Shares for Proposed Acquisition I to the Idealseed Vendors within fourteen (14) days from the date of the letter confirming conditions precedent is fulfilled;

- (ii) Purchase Consideration I shall be paid by TDEX to the Idealseed Vendors by way of Thirteen Million Three Hundred and Eighty Seven Thousand Five Hundred (13,387,500) TDEX Shares at an issue price of RM0.20 per Share calculated based upon the five (5)-day volume weighted average market price (“**VWAMP**”) of TDEX Shares on the ACE Market of Bursa Securities prior to the date of signing of the Idealseed SPA plus a premium of RM0.0255 per share.
- (iii) Upon the issuance of the new TDEX Shares to the Idealseed Vendors, Purchase Consideration I shall have been paid and satisfied in full.

(b) Conditions Precedent

The obligations of Idealseed and TDEX are conditional upon the approval below being obtained on or before a date falling six (6)-months from the date of the Idealseed SPA (“**Cut-off Date**”): -

- (i) the written approval in-principle of Bursa Securities for the listing and quotation of the Consideration Shares for Proposed Acquisition I;
- (ii) the approval of TDEX’s shareholders in an EGM for the purchase of the Idealseed Shares; and
- (iii) any other written approval of regulatory authority(ies) of relevant party(ies), if required.

TDEX covenants with the Idealseed Vendors that it shall promptly and expeditiously take such steps as are necessary to procure or assist in the satisfaction or fulfilment of the conditions precedent. For this purpose, TDEX and the Idealseed Vendors shall promptly provide each other with all necessary information and/or documents required to procure the satisfaction or fulfilment of the condition precedent and each of the parties shall do all acts, furnish all information and documents, and execute all application forms, documents and instruments that are required by the relevant regulatory authority to obtain its approval.

If the relevant approvals are not obtained by TDEX on or before the Cut-off Date, the Idealseed SPA shall automatically terminate 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 Idealseed SPA save and except for any antecedent breach and simultaneously, TDEX shall return the completion documents to the Idealseed Vendor (if the same have been forwarded to TDEX or TDEX’s Solicitors) and thereafter the Idealseed Vendors shall thereafter be entitled to dispose of or otherwise deal with the Idealseed Shares in such manner as they deem fit.

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(c) **Profit guarantee**

The Idealseed Vendors hereby guarantees TDEX that the audited profit after tax ("**PAT**") of Idealseed for the FYE 2017 and 2018 in aggregate total, shall not be less than Ringgit Malaysia Two Million Two Hundred and Fifty Thousand (RM2,250,000.00) ("**Idealseed Guaranteed Profit**") comprising the following: -

For the FYE in 2017	RM1,000,000.00
For the FYE in 2018	RM1,250,000.00
Aggregate Total	RM2,250,000.00

After the directors of Idealseed had approved the audited accounts for the respective financial years, TDEX shall notify the Idealseed Vendors in writing ("**Notice**") of: -

- a. the actual amount of PAT for each of the financial years and the aggregate total for the two (2) financial years, and
- b. whether there is a deficit or shortfall difference between the aggregate total PAT for the two (2) financial years and the Idealseed Guaranteed Profit ("**Shortfall**"), and
- c. if there is a shortfall specifying the amount of the Shortfall

with a copy of the notice delivered to the stakeholder.

In the event there is a Shortfall, the Idealseed Vendors shall be liable to and shall pay to TDEX the Shortfall within seven (7) days of receipt of the notice from TDEX. The Idealseed Vendors shall immediately upon payment of the Shortfall in full to TDEX, inform the stakeholder in writing confirming such payment, together with a certified true copy of the receipt issued by TDEX for the payment of the Shortfall, failing which the Idealseed Vendors is deemed to have defaulted in the payment of the Shortfall to TDEX and upon the expiry of fourteen (14) days from the date of Notice.

As security for the above, the Idealseed Vendors hereby authorize TDEX to issue Four Million Seven Hundred and Twenty Five Thousand (4,725,000) TDEX Shares ("**Idealseed Security Shares**") to be issued in the proportions as follows:-

Tan Wah Choy	3,827,250 TDEX Shares being 81% of the Idealseed Security Shares
Wong Siam Hong	897,750 TDEX Shares being 19% of the Idealseed Security Shares

directly to the stakeholder. The Idealseed Vendors and TDEX hereby agree to execute all documents as may be required by the stakeholder to act as the stakeholder and the Idealseed Vendors and TDEX hereby expressly and irrevocably authorize the stakeholder as follows:

- a. in the absence of the notice in writing with the certified true copy of TDEX's receipt from the Idealseed Vendors and upon the expiry of fourteen (14) days from the date of the Notice the stakeholder shall sell such number of the TDEX Shares as are sufficient to pay the Shortfall to TDEX, and

- b. thereafter at the costs and expenses of the Idealseed Vendors transfer the remaining balance Idealseed Security Shares, if any, to the Idealseed Vendors in their respective proportions of the Idealseed Shares sold to TDEX.

The Idealseed Vendors hereby expressly agree that the stakeholder shall have the full and unfettered power to act in accordance with above without further notice or inquiry and shall not be liable to the Idealseed Vendors and or TDEX for any loss.

In the event the proceeds of the sale of the Idealseed Security Shares is insufficient to pay the Shortfall in full, TDEX shall notify the Idealseed Vendors in writing of the deficit and the Idealseed Vendors shall be liable for and shall immediately pay to TDEX such deficit failing which TDEX shall be entitled (in addition to any other remedies available to TDEX) to interest at the rate of 8% per annum on the amount of deficit outstanding from the date the Shortfall is due up to the date of full payment.

(d) Completion

Completion shall take place upon payment of Purchase Consideration I by the issuance of the Consideration Shares for Proposed Acquisition I to the Idealseed Vendors and the delivery of the transfers and the original certificates for the Idealseed Shares to TDEX and the delivery of the documents and items on the basis that the warranties remaining true and correct in all respects as at the date falling fourteen (14) days (or such longer time as the Idealseed Vendors and TDEX may agree in writing) ("**Completion Date**") from the date where all the conditions precedent are satisfied and provided that the all approvals obtained remain valid and subsisting.

(e) Termination

If any of the completion documents required to be delivered by Idealseed, as the case may be, to TDEX on completion is not delivered for any reason or if in any other respect the delivery of documents are not fully complied with by any party, the party not in default shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages): -

- (i) to elect to terminate the Idealseed SPA; or
- (ii) to effect completion so far as practicable having regard to the defaults which have occurred; or
- (iii) to fix a new date for completion (not being more than 30 days after the Completion Date).

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(f) Default

In the event the Idealseed Vendors fail to complete the Idealseed SPA when obliged to do so, and TDEX is willing and has demonstrated its ability to complete the Idealseed SPA and has not failed to comply with any of the terms of the Idealseed SPA or breached any of the terms of the Idealseed SPA which failure of compliance or breach has not been remedied, TDEX shall be entitled at TDEX's option to either: -

- (i) at the cost and expense of the Idealseed Vendors including solicitors' costs (on a solicitor and client basis) the remedy of specific performance of the Idealseed Shares pursuant to the provisions of the Idealseed SPA and to all other reliefs flowing therefrom, or
- (ii) terminate the Idealseed SPA by notice in writing (the "**TDEX's Election Notice**") served on the Idealseed Vendors, in which event the Idealseed Vendors shall, on or before the expiry of seven (7) days from the date of receipt of the TDEX's Election Notice, pay the sum of Ringgit Malaysia Two Hundred and Sixty Seven Thousand Seven Hundred and Fifty Two and Sen Twelve (RM267,752.12) only as agreed liquidated damages to TDEX, failing which the Idealseed Vendors shall pay to TDEX interest on the liquidated damages calculated at the rate of eight per centum (8%) per annum from the expiry of seven (7) days from the date of receipt of TDEX's Election Notice until the date of actual payment and refund based on a three hundred and sixty-five (365) day year on the actual number of days elapsed, such interest to be payable together with the liquidated damages and simultaneously in exchange TDEX shall return to the completion documents with the Idealseed Vendors' interest in the Idealseed Shares intact if the same have been forwarded to TDEX. Upon the payment of the liquidated damages and the return of the completion documents, the Idealseed SPA shall terminate and be of no further effect and consequently the parties shall have no claim against the other.

In the event TDEX fails to complete the Idealseed SPA when obliged to do so, by not paying Purchase Consideration I, and the Idealseed Vendors is willing and has demonstrated its ability to complete the Idealseed SPA and has not failed to comply with any of the terms of the Idealseed SPA or breached any of the terms of the Idealseed SPA which failure of compliance or breach has not been remedied, the Idealseed Vendors shall be entitled at their option to either: -

- (aa) at the cost and expense of TDEX including solicitors' costs (on a solicitor and client basis) the remedy of specific performance of the sale of the Idealseed Shares pursuant to the provisions of the Idealseed SPA for Purchase Consideration I and to all other reliefs flowing therefrom, or

(bb) terminate the Idealseed SPA by notice in writing (the “**Idealseed Vendor’s Election Notice**”) served on TDEX, in which event TDEX shall, on or before the expiry of seven (7) days from the date of receipt of the Idealseed Vendors’ Election Notice, pay to the Idealseed Vendors the sum of Ringgit Malaysia Two Hundred Sixty Seven Thousand Seven Hundred Fifty Two and Sen Twelve (RM267,752.12) only as agreed liquidated damages failing which TDEX shall pay to the Idealseed Vendors interest on the liquidated damages calculated at the rate of eight per centum (8%) per annum from the expiry of seven (7) days from the date of receipt of the Idealseed Vendors’ Election Notice until the date of actual payment and refund based on a three hundred and sixty-five (365) day year on the actual number of days elapsed, such interest to be payable together with the liquidated damages and simultaneously TDEX shall return to the Idealseed Vendors the completion documents with the Idealseed Vendor’s interest in the Idealseed Shares intact if the same have been forwarded to TDEX. Upon the payment of the liquidated damages together with interest, if any, and the return of the completion documents with the Idealseed Vendor’s interest in the Idealseed Shares intact if the same have been forwarded to TDEX, the Idealseed SPA shall terminate and be of no further effect and consequently the parties shall have no claim against the other.

2.1.4 Basis and justification in arriving at the Purchase Consideration I

Purchase Consideration I was arrived at on a willing-buyer willing-seller basis between TDEX and the Idealseed Vendors and after taking into consideration the following: -

- (a) the Idealseed Guaranteed Profit of RM2.25 million as set out in Section 2.1.3 (c) above;
- (b) the historical financial performance of Idealseed as set out in Appendix I of this announcement; and
- (c) the favourable outlook of the Information and Communication Technology (“**ICT**”) industry which Idealseed is operating in as set out in Section 7.1 as well as the prospects of Idealseed as set out in Section 7.2 of this announcement.

2.1.5 Basis and justification of arriving at the issue price of the Consideration Shares for Proposed Acquisition I

The issue price of RM0.20 per TDEX Shares was determined on a willing-buyer willing-seller and based on the five (5)-day VWAMP of TDEX Shares of RM0.1745 up to and including 1 November 2016 plus a premium of RM0.0255 per Share, being the last market day prior to the date of the Idealseed SPA.

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The issue price of RM0.20 per TDEX Share represents the following premium against the following VWAMPs: -

	Issue Price RM	VWAMP RM	Premium of the Issue Price from the VWAMP %
Five (5)-day VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1745	14.61
One (1)-month VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1743	14.74
Three (3)-month VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1681	18.98
Six (6)-month VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1568	27.55

2.1.6 Mode of Settlement

Purchase Consideration I shall be satisfied entirely via the issuance and allotment of 13,387,500 TDEX Shares at an issue price of RM0.20 per TDEX Shares to the Idealseed Vendors based on the following manner: -

Idealseed Vendors	No. of Idealseed Shares	% of Idealseed Shares	Purchase Consideration (RM)	No. of TDEX Shares
Tan Wah Choy	170,000	34.0	2,167,500	10,837,500
Wong Siam Hong	40,000	8.0	510,000	2,550,000
Total	210,000	42.0	2,677,500	13,387,500

2.1.7 Ranking of the Consideration Shares for Proposed Acquisition I

The Consideration Shares to be issued for Proposed Acquisition I shall, upon allotment and issue, rank *pari passu* in all respects with the existing TDEX Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment and issue of the TDEX Shares.

2.1.8 Information on the Idealseed Vendors

Tan Wah Choy

Mr. Tan Wah Choy, aged 48, a Malaysian and is an entrepreneur and businessman by profession. He is also a director and substantial shareholder of Idealseed with 35.6% equity interest as at the LPD.

Wong Siam Hong

Ms. Wong Siam Hong, aged 47, a Malaysian and is an entrepreneur and human resource professional. She is a substantial shareholder of Idealseed with 8.0% equity interest as at the LPD.

2.2 PROPOSED ACQUISITION II

2.2.1 Details of Proposed Acquisition II

TDEX had on 28 December 2015 completed the subscription of 1,500,000 Surfstek R&D Shares, representing 50% of the issued and paid-up share capital in Surftek R&D for a cash consideration of RM1.50 million. Following the subscription, Surfstek R&D became a 50%-owned subsidiary of TDEX.

Pursuant to Proposed Acquisition II, TDEX shall acquire the remaining 1,500,000 Surftek R&D Shares representing 50% of the issued and paid-up share capital in Surftek R&D for a purchase consideration of RM13,455,000 which will be fully satisfied by the issuance and allotment of 67,275,000 new TDEX Shares at an issue price of RM0.20 per TDEX Share ("**Consideration Shares for Proposed Acquisition II**").

Subject to the terms and conditions of the Surftek SPA, Surftek shall sell, and the Company relying *inter alia* on the warranties shall purchase the Surftek R&D Shares free from all liens, pledges, charges and encumbrances and with all rights attached thereto as from the date of the Surftek SPA including all dividends and distributions declared, paid or made in respect thereof on or after the date of Surftek SPA at Purchase Consideration II.

Upon the completion of Proposed Acquisition II, Surftek R&D will become a wholly-owned subsidiary of TDEX.

2.2.2 Background information on Surftek R&D

Surftek R&D was incorporated in Malaysia under the Act as a private limited company on 3 July 2015. Surftek R&D is principally involved in providing IT products and related services, and carrying out relevant research and development activities. Its wholly-owned subsidiaries, Hotelsurfs Sdn Bhd and Surftek Innovation Sdn Bhd are principally involved in the provision of online hotel platform and hotel services, point of sales solution and support and maintenance, respectively. As at the LPD, Surftek R&D does not have any associated company.

The Directors and shareholders of Surftek R&D as at the LPD are as follows:
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Directors/ Shareholders	Direct		Indirect	
	No. of Surftek R&D Shares	%	No. of Surftek R&D Shares	%
Directors and/or shareholder				
Leong Seng Hong	-	-	^1,500,000	50.0
Tan Sze Chong	-	-	-	-
Tan Boon Wooi	-	-	-	-
Shareholders				
Surftek	1,500,000	50.0	-	-
TDEX	1,500,000	50.0	-	-
Leong Chooi Theng	-	-	^1,500,000	50.0

Note: -

^ Deemed interested by virtue of Section 6A of the Companies Act, 1965

A summary of the financial information of Surfstek R&D for the financial period ended ("**FPE**") from 3 July 2015 (being the date of incorporation) up to 30 April 2016 is disclosed in Appendix II of this announcement.

2.2.3 Salient terms and conditions of the SurfsTek SPA

The salient terms and conditions of the SurfsTek SPA include, amongst others, the following: -

(a) Payment of the Purchase Consideration II

- (i) TDEX shall issue and allot the Consideration Shares for Proposed Acquisition II to SurfsTek within fourteen (14) days from the date of the letter confirming conditions precedent is fulfilled;
- (ii) Purchase Consideration II shall be paid by TDEX to SurfsTek by way of issuing Sixty Seven Million Two Hundred and Seventy Five Thousand (67,275,000) TDEX Shares at an issue price of RM0.20 per Share calculated based upon the five (5)-day VWAMP of TDEX Shares on the ACE Market of Bursa Securities prior to the date of signing of the SurfsTek SPA plus a premium of RM0.0255 per share; and
- (iii) Upon the issuance of the new TDEX Shares to SurfsTek, Purchase Consideration II shall have been paid and satisfied in full.

(b) Conditions Precedent

The obligations of SurfsTek and TDEX are conditional upon the approvals below being obtained on or before a date falling six (6)-months from the date of the SurfsTek SPA ("**SurfsTek Cut-off Date**"): -

- (i) the written approval in-principle of Bursa Securities for the listing and quotation of the Shares;
- (ii) the approval of TDEX shareholders in an EGM for the purchase of the SurfsTek R&D Shares; and
- (iii) any other written approval of any regulatory authority (ies) or relevant party (ies), if required.

TDEX covenants with SurfsTek that it shall promptly and expeditiously take such steps as are necessary to procure or assist in the satisfaction or fulfilment of the conditions precedent. For this purpose, TDEX and SurfsTek shall promptly provide each other with all necessary information and/or documents required to procure the satisfaction or fulfilment of the conditions precedent and TDEX and SurfsTek shall do all acts, furnish all information and documents, and execute all application forms, documents and instruments that are required by the relevant regulatory authority to obtain its approval.

If the relevant approvals are not obtained by TDEX on or before the SurfsTek Cut-off Date, the SurfsTek SPA shall automatically terminate 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 SurfsTek SPA save and except for any antecedent breach and simultaneously, TDEX shall return the completion documents to SurfsTek (if the same have been forwarded to TDEX or TDEX's Solicitors) and thereafter SurfsTek shall thereafter be entitled to dispose of or otherwise deal with the Consideration Shares for Proposed Acquisition II in such manner as they deem fit.

(c) Profit Guarantee

SurfsTek hereby guarantees TDEX that the audited PAT of SurfsTek R&D for the FYE 2017 and 2018 in aggregate total shall not be less than Ringgit Malaysia Five Million Four Hundred Thousand (RM5,400,000.00) ("**SurfsTek Guaranteed Profit**") comprising the following: -

For the FYE in 2017	RM2,700,000.00
For the FYE in 2018	RM2,700,000.00
Aggregate Total	RM5,400,000.00

After the directors of SurfsTek R&D had approved the audited accounts for the respective financial years above, TDEX shall notify SurfsTek in writing ("**SurfsTek Notice**") of: -

- (i) the actual amount of PAT for each of the financial years and the aggregate total for the two (2) financial years, and
- (ii) whether there is a deficit or shortfall difference between the aggregate total PAT for the two (2) financial years and the SurfsTek Guaranteed Profit ("**Shortfall by SurfsTek R&D**"), and
- (iii) if there is a shortfall specifying the amount of the Shortfall by SurfsTek R&D

with a copy of the SurfsTek Notice delivered to the stakeholder.

In the event there is a Shortfall by SurfsTek R&D, SurfsTek shall be liable to and shall pay to TDEX the shortfall within seven (7) days of receipt of the SurfsTek Notice from TDEX. SurfsTek shall immediately, upon payment of the Shortfall by SurfsTek R&D in full to TDEX, inform the stakeholder in writing confirming such payment in full together with a certified true copy of the receipt issued by TDEX for the payment of the Shortfall by SurfsTek R&D failing which SurfsTek is deemed to have defaulted in the payment of the Shortfall by SurfsTek R&D to TDEX and upon the expiry of fourteen (14) days from the date of SurfsTek Notice.

As security for above, SurfsTek hereby authorize TDEX to issue Twenty Seven Million (27,000,000) TDEX Shares which are equal in value to the SurfsTek Guaranteed Profit ("**SurfsTek Security Shares**") to be issued directly to the stakeholder. SurfsTek and TDEX hereby agrees to execute all documents as may be required by the stakeholder to act as the stakeholder and both parties hereby expressly and irrevocably authorize the stakeholder as follows:

- a. in the absence of the notice in writing with the certified true copy of TDEX's receipt from SurfsTek and upon the expiry of fourteen (14) days from the date of the SurfsTek's Notice, the stakeholder shall sell such number of the SurfsTek Security Shares as are sufficient to pay the Shortfall by SurfsTek R&D to TDEX, and
- b. thereafter at the costs and expenses of SurfsTek transfer the remaining balance SurfsTek Security Shares, if any, to SurfsTek.

SurfsTek hereby expressly agree that the stakeholder shall have the full and unfettered power to act in accordance with above without further notice or inquiry and shall not be liable to SurfsTek and or TDEX for any loss.

In the event the proceeds of the sale of the SurfsTek Security Shares is insufficient to pay the Shortfall by SurfsTek R&D in full, TDEX shall notify SurfsTek in writing of the deficit and SurfsTek shall be liable for and shall immediately pay to TDEX such deficit failing which TDEX shall be entitled (in addition to any other remedies available to TDEX) to interest at the rate of 8% per annum on the amount of deficit outstanding from the date the Shortfall by SurfsTek R&D is due up to the date of full payment.

As additional security for the performance of the TDEX's obligations above, SurfsTek shall procure from Surfstek Holdings (M) Sdn Bhd and from the shareholders their joint and several guarantee to guarantee the performance of SurfsTek's obligation as stated above.

(d) Completion

Subject as hereinafter provided, completion shall take place upon payment of Purchase Consideration II by the issuance of the Consideration Shares for Proposed Acquisition II to SurfsTek and the delivery of the transfers and the original certificates for the SurfsTek R&D Shares to TDEX and the delivery of the documents and items on the basis that the warranties remaining true and correct in all respects as at the date falling fourteen (14) days (or such longer time as SurfsTek and TDEX may agree in writing) ("**SurfsTek Completion Date**") from the date where all the conditions precedent is satisfied and provided that the approvals obtained remain valid and subsisting.

(e) Termination

If any of the completion documents required to be delivered by SurfsTek R&D as the case may be, to TDEX on completion is not delivered for any reason or if in any other respect the foregoing provisions of delivery of documents are not fully complied with by any party, the party not in default shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages): -

- (i) to elect to terminate the SurfsTek SPA; or
- (ii) to effect completion so far as practicable having regard to the defaults which have occurred; or
- (iii) to fix a new date for completion (not being more than 30 days after the SurfsTek Completion Date) in which case the foregoing provisions shall apply to completion as so deferred.

(f) Default

In the event SurfsTek fail to complete the SurfsTek SPA when obliged to do so, and TDEX is willing and has demonstrated its ability to complete the Surfstek SPA and has not failed to comply with any of the terms of the Surfstek SPA or breached any of the terms of the Surfstek SPA which failure of compliance or breach has not been remedied, TDEX shall be entitled at TDEX's option to either: -

- (a) at the cost and expense of SurfsTek including solicitors' costs (on a solicitor and client basis) the remedy of specific performance of the SurfsTek R&D Shares pursuant to the provisions of the SurfsTek SPA and to all other reliefs flowing therefrom, or
- (b) terminate the SurfsTek SPA by notice in writing served on SurfsTek, in which event the SurfsTek shall, on or before the expiry of seven (7) days from the date of receipt of the election notice, pay the sum of Ringgit Malaysia One Million Three Hundred Forty Five Thousand and Five Hundred (RM1,345,500.00) only as agreed liquidated damages to TDEX, failing which SurfsTek shall pay to TDEX interest on the liquidated damages calculated at the rate of eight per centum (8%) per annum from the expiry of seven (7) days from the date of receipt of election notice until the date of actual payment and refund based on a three hundred and sixty-five (365) day year on the actual number of days elapsed, such interest to be payable together with the liquidated damages and simultaneously in exchange TDEX shall return the completion documents with SurfsTek's interest in the SurfsTek R&D Shares intact if the same have been forwarded to TDEX. Upon the payment of the liquidated damages and the return of the completion documents with SurfsTek's interest in the SurfsTek R&D Shares intact if the same have been forwarded to TDEX, the Surfstek SPA shall terminate and be of no further effect and consequently the parties shall have no claim against the other.

In the event TDEX fails to complete the SurfsTek SPA when obliged to do so, by not paying Purchase Consideration II, and SurfsTek is willing and has demonstrated its ability to complete the SurfsTek SPA and has not failed to comply with any of the terms of the SurfsTek SPA or breached any of the terms of the SurfsTek SPA which failure of compliance or breach has not been remedied, SurfsTek shall be entitled at its option to either: -

- (a) at the cost and expense of TDEX including solicitors' costs (on a solicitor and client basis) the remedy of specific performance of the sale of the SurfsTek R&D Shares pursuant to the provisions of the SurfsTek SPA for Purchase Consideration II and to all other reliefs flowing therefrom, or
- (b) terminate the SurfsTek SPA by notice in writing "**SurfsTek's Election Notice**") served on TDEX, in which event TDEX shall, on or before the expiry of seven (7) days from the date of receipt of the SurfsTek's Election Notice, pay to SurfsTek the sum of Ringgit Malaysia One Million Three Hundred Forty Five Thousand Five Hundred (RM1,345,500.00) only as agreed liquidated damages failing which TDEX shall pay to SurfsTek interest on the liquidated damages calculated at the rate of eight per centum (8%) per annum from the expiry of seven (7) days from the date of receipt of the SurfsTek's Election Notice until the date of actual payment and refund based on a three hundred and sixty-five (365) day year on the actual number of days elapsed, such interest to be payable

together with the liquidated damages and simultaneously TDEX shall return to SurfsTek the completion documents with SurfsTek's interest in the SurfsTek R&D Shares intact if the same have been forwarded to TDEX. Upon the payment of the liquidated damages together with interest, if any, and the return of the completion documents, the SurfsTek SPA shall terminate and be of no further effect and consequently the parties shall have no claim against the other.

2.2.4 Basis and justification in arriving at Purchase Consideration II

Purchase Consideration II was arrived at a willing-buyer willing-seller basis and after taking into consideration the following: -

- (a) the SurfsTek Guaranteed Profit of RM5.40 million as set out in Section 2.2.3 (c) above;
- (b) the PE multiple of approximately 8.23 times based on the value accorded to 100% equity interest in SurfsTek R&D of approximately RM26.91 million over the PAT of SurfsTek R&D of RM2.69 million based on its audited financial statements for the FPE 30 April 2016;
- (c) the audited PAT of SurfsTek R&D of approximately RM2.69 million for the FPE 2016; and
- (d) the future prospects of ICT industry, business prospects and operations as well as the future earnings potential of SurfsTek R&D as set out in Section 7.1 and 7.2 respectively of this announcement.

2.2.5 Basis and justification of arriving at the issue price of the Consideration Shares for Proposed Acquisition II

The issue price of RM0.20 per TDEX Shares was determined on a willing-buyer willing-seller and based on the five (5)-day VWAMP of TDEX Shares of RM0.1745 up to and including 1 November 2016, being the last market day prior to the date of the Idealseed SPA plus a premium of RM0.0255 per Share.

The issue price of RM0.20 per TDEX Share represents the following premium against the following VWAMPs: -

	Issue Price RM	VWAMP RM	Premium of the Issue Price from the VWAMP %
Five (5)-day VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1745	14.61
One (1)-month VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1743	14.74
Three (3)-month VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1681	18.98
Six (6)-month VWAMP of TDEX Shares up to and including 1 November 2016	0.20	0.1568	27.55

2.2.6 Mode of settlement

Purchase Consideration II will be satisfied entirely via the issuance and allotment of 67,275,000 TDEX Shares at an issue price of RM0.20 per TDEX Share.

2.2.7 Ranking of the Consideration Shares for Proposed Acquisition II

The Consideration Shares for Proposed Acquisition II to be issued shall, upon allotment and issue, rank *pari passu* in all respects with the existing TDEX Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment and issuance of the TDEX Shares.

2.2.8 Information on SurfsTek

SurfsTek was incorporated in Malaysia under the 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.

The Directors and shareholders of SurfsTek as at the LPD are as follows: -

Directors/ Shareholders	Direct		Indirect	
	No. of SurfsTek Shares	%	No. of SurfsTek Shares	%
Directors and shareholders				
Leong Seng Hong	-	-	[^] 1,700,000	100.0
Leong Chooi Theng	-	-	[^] 1,700,000	100.0
Shareholder				
SurfsTek Holdings (M) Sdn Bhd	1,700,000	100.0	-	-

Note: -

[^] Deemed interested by virtue of Section 6A of the Companies Act, 1965

3. Listing of and quotation for the Consideration Shares for Proposed Acquisition I and Consideration Shares for Proposed Acquisition II

An application will be made to Bursa Securities for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisitions on the ACE Market of Bursa Securities.

4. Liabilities to be assumed by TDEX

Save for the obligations and liabilities in and arising from the Idealseed SPA and SurfsTek SPA, there are no liabilities including contingent liabilities and guarantees to be assumed by TDEX arising from the Proposed Acquisitions.

5. Additional financial commitment required

There are no material additional financial commitments required by TDEX to put the business of Idealseed and SurfsTek R&D on-stream except for working capital required for its ordinary course of business.

6. RATIONALE FOR THE PROPOSED ACQUISITIONS

The Proposed Acquisitions are undertaken to increase the Company's effective equity interest in Idealseed and SurfsTek R&D which would result in Idealseed being a 97%-owned subsidiary of the Company and SurfsTek R&D, a wholly-owned subsidiary of the Company. The Proposed Acquisitions allows the TDEX and its subsidiaries ("TDEX Group" or "Group") to consolidate a higher percentage of Idealseed and SurfsTek R&D's earnings as a 97%-owned and 100%-owned subsidiary.

Proposed Acquisition I is undertaken as the Group foresees an opportunity in the recruitment and human resource management segment in view of uncertainty in the job markets whereby more companies will be opting for flexible outsourcing option instead of committing fixed hiring costs. With the acquisition of 55% of Idealseed which was completed on 31 October 2014, the Group saw an improvement in its financial performance. Hence, the Board is of the view that Proposed Acquisition I would enable the Group to enhance its bottom line and at the same time expand its existing provision of recruitment and human resource management services to be one of the key focus segment for the Group.

For Proposed Acquisition II, the Board foresees that the acquisition of the remaining equity interest in SurfsTek R&D will provide the Group with more flexibility in the management of the operations of the Group. With SurfsTek R&D and its subsidiaries expanding its online hotel reservation platform to markets such as China, Hong Kong and Taiwan, the Group foresees that the acquisition will improve the bottom line of the Group.

Furthermore, the Proposed Acquisitions represents a low risk investment to the Group in comparison to investing in a new business or company, as both Idealseed and SurfsTek R&D is already in operation and is income generating.

The Board is of the view that the issuance of TDEX Shares to satisfy Purchase Consideration I and Purchase Consideration II is the most appropriate avenue as it will reduce the cash outlay of TDEX Group, which can be channelled towards its operations and working capital purposes.

7. OVERVIEW AND PROSPECTS OF IDEALSEED AND SURFSTEK

7.1 Overview and outlook of the ICT industry

The services sector strengthened further by 5.7% (Q1 2016: 5.1%) during the second quarter of 2016 accounting for 54% of total GDP. Growth was supported by resilient domestic demand and strong trade-related activities. The intermediate and final services group increased higher at 5.5% and 6.1% respectively, (Q1 2016: 4.7%; 5.4%) largely driven by wholesale and retail trade, information and communication, business services as well as transport and storage subsectors.

The information and communication subsector registered a higher growth of 8.8% (Q1 2016: 8.5%). The subsector's expansion was led by data communication activities and computer services. During the quarter, communication segment continued to record a double-digit growth of 10.1% (Q1 2016: 10%) attributed to higher demand for data communication services. Likewise, computer services segment grew by 7.4% (Q1 2016: 6%).

(Source: Quarterly update on the Malaysian Economy – 2nd Quarter 2016, Ministry of Finance Malaysia)

The services sector will continue to expand in 2016, albeit at a more moderate rate. Growth in consumption-related sub-sectors such as retail trade, food & beverages and accommodation is anticipated to moderate in tandem with slower growth of private consumption. In contrast, the information and communication sub-sector is expected to register robust growth as demand for data communications services remains strong.

(Source: Outlook and Policy in 2016, BNM Annual Report 2015)

Malaysia must depend on an ICT-driven domestic economy in 2017 which is expected to be a challenging year. Prime Minister Datuk Seri Najib Tun Razak said Malaysia's fiscal position remained strong despite the difficulties, but it was no reason for the country to "rest on its laurels".

"We have made significant strides but these achievements do not mean that we can rest on our laurels. In its latest World Economic Outlook, the IMF forecast that 2017 will be an equally challenging year. Global growth is expected to improve only marginally from 3.2 percent in 2016 to 3.5 percent. Therefore, in order for the Malaysian economy to remain on track, we have to depend on the domestic economy," Najib said at the Budget 2017 Consultation Council meeting.

"This is why I believe we must fully embrace the opportunities brought about by information and communication technology or ICT. We must leverage the transformative power of science and technology, and instil the spirit of innovation and creativity among our entrepreneurs to further energise the domestic economy," Najib said. There is talk about the Fourth Industrial Revolution, which depicts digital revolution and characterised by cyber physical system. The Revolution is enabled by the popularisation of mobile devices; unprecedented processing power; storage capacity; and access to knowledge.

"Thus, we need to capitalise on the digital and sharing economy that is becoming ever-more important. These efforts will enable us to strengthen our growth momentum and be ready when the global economy fully recovers," said Najib.

(Source: <http://www.thestar.com.my/news/nation/2016/06/16/najib-razak-ict-to-drive-economy/>)

The ICT industry, including e-commerce, is estimated to contribute 16.8% to GDP in 2015. The ICT services subsector contribution to GDP is estimated to increase from 5.2% in 2010 to 5.5% in 2015, while the ICT manufacturing subsector contribution is estimated to decrease from 4.6% in 2010 to 3.9% in 2015, reflecting the transition of the ICT sector from manufacturing towards higher value-added services.

In the ICT industry, niche areas will be further promoted and export capabilities enhanced to ensure that Malaysia captures a bigger export market for ICT products and services. Within the identified niche areas – digital content, IoT, data centres and cloud services, cyber security, software development and testing, and big data analytics – the ICT ecosystem will be strengthened, including the capacity of start-ups, talent, infrastructure, R&D&C, and governance.

(Source: 11th Malaysia Plan, MOF)

7.2 Prospects of Idealseed and SurfsTek R&D

Idealseed will remain as one of the focus segment for the TDEX Group. The Group foresees increase in revenue in this segment especially due to market uncertainty in the job markets, more companies will be opting for flexible recruitment and outsourcing option instead of committing fixed hiring costs. The Group also foresees the manpower outsourcing will be the growing revenue contributing segment, and will continue to expand when market condition prevails.

SurfsTek R&D and its subsidiaries are currently involved in the following area 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.

Payment Gateway licensing segment sets the future growth potential for the TDEX Group and is expected to generate higher revenue in the coming years. The Hotel Reservation Platform licensing agreements have also been completed for markets like China, Hong Kong and Taiwan. Concurrently, discussions are ongoing for other markets inclusive of Thailand, Indonesia, Cambodia, Vietnam, France, Italy, and Spain. Further to this, the Group will be operating in five (5) countries inclusive of Malaysia, Singapore, Australia, USA, and United Kingdom using the Hotel Reservation Platform. This operation will allow the TDEX Group to venture into the consumers market, and in turn improve the variety of the Group's revenue portfolio. The Group foresees that this segment will contribute positively to the total revenue of the TDEX Group in the upcoming financial year.

Barring any unforeseen circumstances, the Board after having considered all the relevant aspects, including the aforementioned future prospects of Idealseed and SurfsTek as well as the industry overview and outlook as set out in Section 7.1, is of the opinion that the Proposed Acquisitions are expected to contribute positively to the future earnings of TDEX as well as enhance TDEX's shareholders' value in the long run.

(Source: Management of TDEX Group)

8. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITIONS

In view that TDEX is operating in the ICT industry and currently owns 55% and 50% equity interest in Idealseed and SurfsTek R&D respectively, the Proposed Acquisitions are not expected to materially change the risk profile of the Group's business.

The completion of the Proposed Acquisitions are conditional upon the fulfilment of the conditions precedent of the Idealseed SPA and SurfsTek SPA and the relevant approvals being obtained from the parties as stated in Section 10 of this announcement. There is no assurance that such conditions precedents will be fulfilled in a timely manner and/or waived in accordance with the terms of the Idealseed SPA and SurfsTek SPA.

Nevertheless, TDEX Group will take reasonable steps to ensure the fulfilment of conditions precedents under the Idealseed SPA and SurfsTek SPA and that every effort is made to obtain the necessary approvals in order to complete the Proposed Acquisitions in a timely manner.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

The expected effects of the Proposed Acquisitions are set out hereunder for illustration purpose only based on the following scenarios: -

Minimum Scenario : Assuming none of the existing 84,666,350 warrants 2013/2018 which remains outstanding as at the LPD (“**Outstanding Warrants**”) are exercised prior to the completion of the Proposed Acquisitions

Maximum Scenario : Assuming all of the Outstanding Warrants are exercised after the Proposed Acquisitions

9.1 Share capital

The proforma effects of the Proposed Acquisitions on the issued and paid-up share capital of the Company are as follows: -

	Minimum Scenario		Maximum Scenario	
	No. of TDEX Shares	(RM)	No. of TDEX Shares	(RM)
Issued and paid-up share capital as at the LPD	412,933,290	41,293,329	412,933,290	41,293,329
Issuance of the Consideration Shares for Proposed Acquisition I	13,387,500	1,338,750	13,387,500	1,338,750
Issuance of the Consideration Shares for Proposed Acquisition II	67,275,000	6,727,500	67,275,000	6,727,500
After the Proposed Acquisitions	493,595,790	49,359,579	493,595,790	49,359,579
To be issued assuming full exercise of the Outstanding Warrants	-	-	84,666,350	8,466,635
Enlarged issued and paid-up share capital	493,595,790	49,359,579	578,262,140	57,826,214

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9.2 NA per share and Gearing

The proforma effects of the Proposed Acquisitions on the audited NA and gearing of TDEX Group based on the audited consolidated financial statements for the FYE 30 April 2016 are as follows: -

Minimum Scenario

Group Level	Audited as at 30.04.2016 (RM)	Adjustment for subsequent event⁽³⁾ (RM)	(I) After the Proposed Acquisitions (RM)
Share capital	37,539,390	41,293,329	49,359,579
Share premium	1,853,040	1,853,040	9,919,290
Foreign exchange translation reserve	675,705	675,705	675,705
Accumulated losses ⁽²⁾	(14,251,480)	(14,451,480)	(14,901,480)
Shareholders' equity	25,816,655	29,370,594	45,053,094
Par value (RM)	0.10	0.10	0.10
No. of TDEX Shares in issue (shares)	375,393,900	412,933,290	493,595,790
NA per share (RM)	0.08	0.08	0.10
Total borrowings ⁽¹⁾	-	-	-

Maximum Scenario

Group Level	Audited as at 30.04.2016 (RM)	Adjustment for subsequent event⁽³⁾ (RM)	(I) After the Proposed Acquisitions (RM)	(II) After I and assuming full exercise of Outstanding Warrants (RM)
Share capital	37,539,390	41,293,329	49,359,579	57,826,214
Share premium	1,853,040	1,853,040	9,919,290	9,919,290
Foreign exchange translation reserve	675,705	675,705	675,705	675,705
Accumulated losses ⁽²⁾	(14,251,480)	(14,451,480)	(14,901,480)	(14,901,480)
Shareholders' equity	25,816,655	29,370,594	45,053,094	53,519,729
Par value (RM)	0.10	0.10	0.10	0.10
No. of TDEX Shares in issue (shares)	375,393,900	412,933,290	493,595,790	578,262,140
NA per share (RM)	0.08	0.08	0.10	0.10
Total borrowings ⁽¹⁾	-	-	-	-

Notes: -

- (1) *There are no borrowings in TDEX Group for the FYE 30 April 2016. Therefore, the Proposed Acquisitions have no impact on the gearing of TDEX Group.*
- (2) *Estimated expenses of RM450,000 in relation to the Proposed Acquisitions have been deducted.*
- (3) *The Company had on 1 July 2016 issued and allotted 37,539,390 TDEX Shares via a private placement exercise.*

9.3 Earnings and EPS

The Proposed Acquisitions are expected to contribute positively to the future earnings of TDEX Group. However, the Group's EPS is expected to be diluted as a result of the increase in the number of TDEX Shares resulting from the issuance of the TDEX Shares for the Proposed Acquisitions.

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9.4 Substantial shareholders' shareholdings

For illustrative purposes, the proforma effects of the Proposed Acquisitions on the substantial shareholders' shareholdings of TDEX as at the LPD are as follows: -

Minimum Scenario

Substantial Shareholders	As at the LPD				After the Proposed Acquisitions			
	Direct		Indirect		Direct		Indirect	
	('000)	%	('000)	%	('000)	%	('000)	%
Kerk Han Ming	31,731,086	7.68	-	-	31,731,086	6.43	-	-
Tan Boon Wooi	31,715,000	7.68	-	-	31,715,000	6.43	-	-
Tan Sze Chong	24,029,066	5.82	⁽¹⁾ 66,666	0.02	24,029,066	4.87	⁽¹⁾ 66,666	0.01
Heng Ling Jy	66,666	0.02	⁽¹⁾ 24,029,066	5.82	66,666	0.01	⁽¹⁾ 24,029,066	4.87
Chang Choon Ming	22,550,000	5.46	-	-	22,550,000	4.57	-	-
SurfsTek	-	-	-	-	67,275,000	13.63	-	-

Note: -

(1) Deemed interested by virtue of his/her spouse's interest in TDEX.

Maximum Scenario

Substantial Shareholders	As at the LPD				(I) After the Proposed Acquisitions				After (I) and assuming full exercise of Outstanding Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	('000)	%	('000)	%	('000)	%	('000)	%	('000)	%	('000)	%
Kerk Han Ming	31,731,086	7.68	-	-	31,731,086	6.43	-	-	31,731,086	5.49	-	-
Tan Boon Wooi	31,715,000	7.68	-	-	31,715,000	6.43	-	-	31,715,000	5.48	-	-
Tan Sze Chong	24,029,066	5.82	⁽¹⁾ 66,666	0.02	24,029,066	4.87	⁽¹⁾ 66,666	0.01	24,029,066	4.16	83,332	0.01
Heng Ling Jy	66,666	0.02	⁽¹⁾ 24,029,066	5.82	66,666	0.01	⁽¹⁾ 24,029,066	4.87	66,666	0.01	24,029,066	4.16
Chang Choon Ming	22,550,000	5.46	-	-	22,550,000	4.57	-	-	22,550,000	3.90	-	-
SurfsTek	-	-	-	-	67,275,000	13.63	-	-	67,275,000	11.63	-	-

Note: -

(1) Deemed interested by virtue of his/her spouse's interest in TDEX.

9.5 Convertible securities

As at the LPD, the Company does not have any convertible securities save for the Outstanding Warrants.

The Proposed Acquisitions will not result in any adjustment to the exercise price or number of Outstanding Warrants pursuant to the Deed Poll dated 6 August 2013.

10. APPROVALS

The Proposed Acquisitions are subject to the following approvals being obtained: -

- (a) shareholders of TDEX at an extraordinary general meeting (“**EGM**”) to be convened to consider the Proposed Acquisitions;
- (b) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares for the Proposed Acquisitions on the ACE Market of Bursa Securities; and
- (c) any other relevant parties (if required).

11. INTER-CONDITIONALITY OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions are not conditional or inter-conditional upon any other corporate proposal undertaken by the Company.

12. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

None of the Directors, major shareholders and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Acquisitions.

13. DIRECTORS’ STATEMENT

The Board, after having considered all aspects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of TDEX Group.

14. APPLICATION TO THE AUTHORITIES

The application to Bursa Securities in relation to the Proposed Acquisitions will be made within two (2) months from the date of this announcement.

15. ADVISER

TA Securities has been appointed as the Adviser for the Proposed Acquisitions.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expects to complete the Proposed Acquisitions by the first (1st) quarter of 2017.

17. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition I and Proposed Acquisition II pursuant to Paragraph 10.02(g) of the ACE Market Listing Requirements of Bursa Securities is approximately 19.87% and 64.92% respectively, based on the latest audited consolidated financial statements of TDEX for the FYE 30 April 2016.

18. DOCUMENTS FOR INSPECTION

The Idealseed SPA and SurfsTek SPA will be available for inspection 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 office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 2 November 2016.

INFORMATION OF IDEALSEED

FINANCIAL SUMMARY

A summary of the audited financial information of Idealseed and its subsidiaries (collectively, the “**Idealseed Group**”) for the past three (3) years up to FYE 30 April 2016 and the FPE 30 April 2015 is set out in the table below: -

	Audited*			
	FYE 31 December 2013 (RM'000)	Annualised FPE 30 April 2015 (RM'000)	Sixteen-(16) month ended 30 April 2015 (RM'000)	FYE 30 April 2016 (RM'000)
Revenue	4,469	6,509	8,679	11,814
Profit before tax	356	1,032	1,376	1,169
PAT	269	743	990	981
PAT and minority interest (“PATMI”)	248	782	1,015	937
Issued and paid up share capital ('000)	350	500	500	500
Shareholders' funds/Net assets (“NA”)	570	1,955	2,606	3,587
Total borrowings	449	-	-	-
Earnings per share (“EPS”) (RM)	0.71	1.56	2.03	1.87
NA per share (RM)	1.63	3.91	5.21	7.17
Gearing ratio (times)	0.79	-	-	-

Note: -

* The Board has changed its FYE from 31 December to 30 April in 2015.

Commentary on past performance: -

FYE 30 April 2016 vs Annualised FPE 30 April 2015

For FYE 30 April 2016, Idealseed recorded revenue of RM11.84 million as compared to RM6.51 million in annualised FPE 30 April 2015, representing a surge of RM5.33 million or 81.87%. This increase was mainly attributable to increase demand in manpower outsourcing and recruitment services. In terms of PAT, Idealseed registered an increase in PAT by RM0.24 million or 32.43% as compared to the preceding annualised FPE 30 April 2015 of RM0.74 million with FYE 30 April 2016 of RM0.98 million.

Annualised FPE 30 April 2015 vs FYE 31 December 2013

For annualised FPE 30 April 2015, Idealseed recorded revenue of RM6.51 million as compared to RM4.47 million in FYE 31 December 2013, representing an increase of RM2.04 million or 45.64%. The increase was mainly attributable to new ICT contracts awarded to Idealseed. In tandem with the increase in revenue, Idealseed registered an increase in PAT by RM0.47 million or 174.07% as compared to the preceding FYE 31 December 2013 of RM0.27 million with annualised FPE 30 April 2015 of RM0.74 million.

INFORMATION OF IDEALSEED

FYE 31 December 2013 vs FYE 31 December 2012

For FYE 31 December 2013, Idealseed recorded revenue of RM4.47 million as compared to RM4.51 million in FYE 31 December 2012, representing a slight decrease of RM0.04 million or 0.89%. However, in terms of PAT, Idealseed registered an increase in PAT by RM0.06 million or 28.57% as compared to the preceding FYE 31 December 2012 of RM0.21 million with FYE 31 December 2013 of RM0.27 million due to lower cost of sales and finance costs.

INFORMATION OF SURFSTEK R&D

FINANCIAL SUMMARY

A summary of the audited financial information of SurfsTek R&D for the FPE from 3 July 2015 (date of incorporation) up to 30 April 2016 is set out in the table below: -

	FPE 30 April 2016 (RM'000)
Revenue	3,500
Profit before tax	2,691
PAT	2,691
PATMI	2,691
Issued and paid up share capital ('000)	3,000
NA	5,691
Total borrowings	208
EPS (RM)	0.90
NA per share (RM)	1.90
Gearing ratio (times)	0.08