

TECHNODEX BHD. (“TDEX” OR THE “COMPANY”)

PROPOSED DISPOSAL OF MYPROPERTY DATA SDN. BHD., A 50%-OWNED SUBSIDIARY OF TDEX

(In this Announcement, “RM” refers to Ringgit Malaysia, “S\$” refers to Singapore Dollar. Unless stated otherwise, the exchange rates of S\$1.00: RM3.03 based on Bank Negara Malaysia as at 12:00 noon on 23 November 2020 are used throughout this Announcement for illustration purposes.)

1. INTRODUCTION

The Board of Directors of the Company (“Board”) wishes to announce that TDEX, Real Estate Solutions Sdn. Bhd. (“RESSB”) and Mr. Thor Joe Hock (collectively referred to as “Sellers”) had on 27 November 2020, entered into a Share Purchase Agreement (“SPA” or “Agreement”) with PropertyGuru Pte. Ltd. (“Purchaser”) to collectively dispose the entire issued share capital of MyProperty Data Sdn. Bhd. (“MDSB”) as follows, subject to and upon the terms and conditions of the SPA (“Proposed Disposal”):-

Sellers	Number of Ordinary Shares held and to be disposed	% of the shareholdings held and to be disposed
TDEX	250,000	50%
RESSB	250,000	50%

(the said ordinary shares held by TDEX referred to as “TDEX Shares” whilst the ordinary shares held by RESSB referred to as “RESSB Shares” and collectively referred to as “Shares”)

The total cash consideration for the disposal of TDEX Shares in MDSB is approximately RM3.6 million (“Disposal Consideration”).

Upon completion of the Proposed Disposal, MDSB shall cease to be a subsidiary of TDEX.

2. INFORMATION ON MDSB, RESSB, THOR JOE HOCK AND PROPERTYGURU PTE. LTD.

2.1 INFORMATION ON MDSB

MDSB is a private limited company incorporated on 1 July 2015 under the Companies Act, 1965 and having its registered address at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia.

MDSB is principally involved in providing property related services and consultancy.

The issued share capital of MDSB is RM500,000 comprising 500,000 ordinary shares.

The Directors of MDSB are Ms. Heng Ling Jy and Mr. Thor Joe Hock. The shareholders of MDSB and their percentage of shareholdings before the Proposed Disposal are as disclosed above.

The financial information of MDSB are as follows:-

	Audited as at 30 June 2020 RM'000
Revenue	2,012,605
Loss after Taxation	(651,842)
Total Equity	500,000
Total borrowings	Nil
Gearing ratio (times)	Nil

2.2 INFORMATION ON RESSB

RESSB is a private limited company incorporated on 25 September 2015 under the Companies Act, 1965 and having its registered address at 2-4A-1, Jalan Angerrik Vanilla Q31Q, Section 31, Kota Kemuning, 40460 Shah Alam, Selangor, Malaysia. RESSB is an investment holding company.

The issued share capital of MDSB is RM100,000 comprising 100,000 ordinary shares.

The Directors of RESSB are Mr. Thor Joe Hock and Ms. Lui Yuen Qiu. The shareholders of RESSB and their percentage of shareholdings are as follows:-

	Name of Shareholder	No. of Ordinary Shares	Shareholdings (%)
1.	Lui Yuen Qiu	50,000	50.00
2.	Thor Joe Hock	47,500	47.50
3.	Yeoh Shu Wen	2,500	2.50

2.3 INFORMATION ON THOR JOE HOCK

Mr. Thor Joe Hock, a Malaysian residing at 18 Jalan Kemuning Bayu 33/32E, Kota Kemuning Utama, 40400 Shah Alam, Selangor. He is the director of RESSB and MDSB.

2.4 INFORMATION ON PROPERTY GURU PTE. LTD.

PropertyGuru Pte. Ltd. is a private limited company incorporated on 10 October 2006 in Singapore and having its registered address at 1 Paya Lebar Link #12-01/04, Paya Lebar Quarter, Singapore 408533.

PropertyGuru Pte. Ltd. is part of PropertyGuru Group, Southeast Asia's leading property technology company, operating in Singapore, Malaysia, Vietnam, Thailand and Indonesia.

PropertyGuru Pte. Ltd.'s Board of Directors includes:

- Olivier Lim (Chairman), Olivier Lim, Independent Non-Executive Director, Chairman
- Jenny Macdonald, Independent, Non-Executive Director
- Melanie Wilson, Independent, Non-Executive Director
- Steve Melhuish (Co-Founder, PropertyGuru), Non-Executive Director
- Dominic Picone, Non-Executive Director
- Terence Lee, Non-Executive Director
- Hari V Krishnan (CEO, PropertyGuru) Executive Director

PropertyGuru Pte. Ltd.'s major shareholders and their respective shareholdings are as follows:-

	Name of Shareholder	No. of Ordinary Shares	No. of Preference Shares	Shareholdings (%)
1.	TPG Asia VI SF Pte. Ltd.	752,872	284,287	35.9
2.	TPG Asia VI SPV GP LLC (as General Partner of TPG Asia VI Digs 1 LP and TPG Asia VI Digs 2 LP)	189,274	116,924	10.6
3.	Epsilon Asia Holdings II Pte. Ltd.	288,647	915,587	41.7

2.5 ORIGINAL COST OF INVESTMENT AND DATE OF INVESTMENT

TDEX's original cost and date of investment in MDSB are set out below:-

Date of Investment	Cost of Investment (RM)	No. of shares	Consideration
1 July 2015	50	50	Cash
12 June 2019	249,950	249,950	Otherwise than cash
	250,000	250,000	

3. SALIENT TERMS OF THE SPA

3.1 BASIS AND JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

The Disposal Consideration was mutually agreed by TDEX and PG which comprised of:-

- S\$1,650,000, less
- the entire intercompany indebtedness owing by MDSB to TDEX or its subsidiaries (as the case may be) at the completion of the sale of the Shares ("Closing") (which shall exclude, for the avoidance of doubt, any amount of the Waived Indebtedness as defined in Clause 3.3(a) below), the total amount of which shall be notified by TDEX to the Purchaser in writing not later than two business days prior to Closing ("Intercompany Balance"),

payable upon Closing ("TDEX Closing Amount"), subject to adjustment as set out below:-

- a) If the current assets of the MDSB as specified in the MDSB's balance sheet as at Closing ("Closing Balance Sheet") minus the current and non-current liabilities of MDSB (excluding from both liabilities and assets intercompany balances and balances owing to or owed by holding or related corporations) as specified in the Closing Balance Sheet ("Closing Balance") is *nil* or more than *nil*, then no adjustment to the consideration for the Shares is required.
- b) If the Closing Balance is less than *nil*, then the Sellers must pay to the Purchaser (on a proportionate basis according to each Seller's shareholding in MDSB immediately prior to Closing) the amount by which the Closing Balance is less than *nil* ("Adjustment Amount") by way of repayment of part of the TDEX Closing Amount (in the case of TDEX), and the RESSB Closing Amount and the RESSB Post-Closing Amount (in the case of RESSB).
- c) If the Closing Balance Sheet is not disputed by the Purchaser or the Seller prior to the date that is 20 business days after the delivery by the Purchaser to the Sellers of the Draft Closing Balance Sheet ("Adjustment Date"), the payment specified in Clause 3.1(b) above must be paid to the Purchaser within five business days after the Adjustment Date.
- d) If the Closing Balance Sheet is disputed by the Sellers prior to the Adjustment Date, the portion of the Adjustment Amount not in dispute must be paid to the Purchaser within five business days after the Adjustment Date and the balance of the Adjustment Amount must be paid to the Purchaser within five business days after the date upon which the dispute is determined by the Reporting Accountants or otherwise resolved by the Parties in accordance with the SPA.

3.2 POST-CLOSING OBLIGATIONS

- a) Subject to Closing having occurred, the Purchaser shall procure that all Intercompany Balance shall be paid in cash by MDSB to TDEX or its subsidiaries (as directed by TDEX) within three business days following Closing.
- b) The Sellers acknowledge and agree that:
 - (i) the Intercompany Balance will represent the full amount of all intercompany indebtedness between MDSB and the Sellers or related corporations (as the case may be) as at the Closing Date, and the repayment by the Company of the Intercompany Balance pursuant to Clause 3.2(a) above shall constitute full and final settlement of all intercompany indebtedness between MDSB and the Sellers and any related corporations; and
 - (ii) to the extent there are any intercompany balances not included in the Intercompany Balance, each of the Sellers hereby irrevocably and unconditionally releases and waives any and all demands, claims and rights whatsoever which it may have against MDSB in respect of such indebtedness.

3.3 CONDITIONS PRECEDENT

The Proposed Disposal is conditional upon satisfaction or waiver (as the case may be) of the following conditions, or their satisfaction subject only to Closing:-

- a) TDEX and its subsidiaries (to the extent that they are creditors of MDSB as at the date of this Agreement), having duly executed and delivered to MDSB deed(s) of release and waiver in respect of an aggregate of RM1,900,000 of indebtedness owed by MDSB to TDEX and its subsidiaries as at the date of this Agreement (such indebtedness waived, the "Waived Indebtedness") in a form acceptable to the Purchaser in its absolute discretion;
- b) TDEX having delivered to the Purchaser a counterpart of the Transitional Services Agreement to be entered into between TDEX and MDSB on or prior to Closing ("Transitional Services Agreement"), on the terms acceptable to the Purchaser in its absolute discretion duly executed by TDEX;
- c) Mr. Thor Joe Hock having delivered to the Purchaser a counterpart of the Employment Agreement to be entered into between Mr. Thor Joe Hock and MDSB on or prior Closing ("Employment Agreement"), duly executed by him;
- d) MDSB having renewed in writing its data access and data sharing agreement with LelongTips.com Sdn Bhd, or having entered into a new data access and data sharing agreement with LelongTips.com Sdn Bhd on terms acceptable to the Purchaser acting reasonably;
- e) MDSB having terminated the agreement between MDSB and TDEX dated 1 July 2020 regarding the management fees payable by MDSB to TDEX for the financial year ending 30 June 2021;
- f) the full payment of all outstanding penalties, charges and costs relating to the late payment or non-payment of contributions or other Tax in respect of compensation paid or payable to any employee of MDSB (whether former or present), including, without limitation, Employees' Provident Fund, Social Security Organisation and Employment Insurance System contributions in respect of or arising from any transactions effected or deemed to have been effected on or before Closing;
- g) no injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the sale and purchase of the Shares pursuant to this Agreement and transactions contemplated under the Agreement, Transitional Services Agreement, Employment Agreement, Disclosure Letter and any other agreement or document to be entered into pursuant to or in connection with this Agreement ("Transaction Documents") shall be in effect on Closing;
- h) all of the Sellers' Warranties as set out in the Agreement remaining true, accurate and not misleading as at the date of this Agreement and up to Closing by reference to the facts and circumstances then subsisting; and
- i) all covenants and undertakings required to be performed or caused to be performed by the Sellers on or prior to Closing having been complied with by the Sellers.

3.4 OWNERSHIP OF TDEX SHARES

TDEX further warrants and undertakes to and with the Purchaser and its successors in title that:-

- a) it is, and will on Closing be, legally and beneficially entitled to or is otherwise able to transfer the TDEX Shares to the Purchaser or its nominee under this Agreement;
- b) such TDEX Shares are, and will on Closing be, free from any Encumbrances whatsoever; and
- c) such TDEX Shares are, and will on Closing comprise, 50 per cent. of the issued and allotted shares of the Company, have been properly and validly issued and allotted and are each fully paid or credited as fully paid.

3.5 LIABILITIES AND GUARANTEES

Other than warranties, covenants and obligations of TDEX in the SPA, no liability, including contingent liabilities will remain with TDEX and/or its subsidiaries ("TDEX Group") and no guarantees have been given by TDEX Group to PropertyGuru Pte. Ltd.

4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal is undertaken for the purpose of reducing the cost associated in maintaining the subsidiary companies and improving the balance sheet of the Group. The Proposed Disposal will enable TDEX Group to realise cash to strengthen the cash flow position of the Group and channel the Group's resources into other existing business activities.

5. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL

The Group intends to utilise the sale proceeds received from the Proposed Disposal in the following manner:-

Utilisation	Percentage allocation %	RM	Estimated utilisation timeframe upon receipt of the proceeds
Information technology ("IT") contracts and orders	50%	1.8 million	18 months
Operating expenses and administrative expenses such as utilities, rental costs, Payment of salaries to staff of the Group	50%	1.8 million	18 months

Notes:-

- (1) The Group intends to utilise the proceeds of approximately RM5 million earmarked for existing and new IT contracts and orders to fund amongst others, the performance bonds required for existing and new IT contracts and orders, purchase of inventories, insurance, mobilisation cost and staff cost for the implementation of the existing and new IT contracts and orders as well as expenses to be incurred to tender for future IT contracts and orders.
- (2) The detailed breakdown of the abovementioned utilisation of proceeds cannot be determined at this juncture as the actual utilisation is subject to the respective contract awarders' requirements, value and financing obtained for each contract/order as well as the number of tenders to be participated by the Group.

6. RISK FACTORS

6.1 NON-COMPLETION RISK

The Proposed Disposal is subject to the risk of non-completion of the SPA for whatsoever reason (other than due to any act or default of the Purchaser or the Sellers). The Completion of the Proposed Disposal is conditional upon the conditions precedent being satisfied or waived, as the case may be.

There is a possibility that the Proposed Disposal may not be completed due to failure in fulfilling the conditions precedent as set out in SPA. In the event the conditions precedent are not satisfied or waived, the Proposed Disposal may not be completed, which may result in the failure of the Purchaser to achieve the intended objectives and benefits of the Proposed Disposal.

Notwithstanding the above, the Company will endeavour to take all necessary steps to ensure that the conditions precedent and actions required to be undertaken by the Company are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

6.2 CONTRACTUAL RISK

TDEX has given warranties and/or undertakings, as set out in the SPA, in favour of the Purchaser. In this respect, TDEX may be subject to claim in accordance with the terms and conditions of the SPA for breach of any warranties and/or undertaking given. In this regard, TDEX will endeavour to ensure compliance with the Company's obligations under the SPA in order to minimise the risk of any breach of the warranties and/ or undertakings given.

7. EXPECTED GAIN ARISING FROM THE PROPOSED DISPOSAL

Based on the audited consolidated financial statements of TDEX Group for the financial year ended ("FYE") 30 June 2020, the Group is expected to record a proforma gain of approximately RM2,718,793 arising from the Proposed Disposal as illustrated below:-

	RM
Disposal consideration	3,600,000
Less: 50% of MDSB carrying amount, Total deficit value of (RM2,037,586) attributable to owners of the company	1,018,793
Less: Waiver of indebtedness owed by MDSB to TDEX and its subsidiaries	(1,900,000)
Expected Gain from the Proposed Disposal	2,718,793

8. EFFECTS OF THE PROPOSED DISPOSAL

8.1 Share capital and Substantial Shareholders' shareholdings

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as it does not involve any issuance of new ordinary shares in the Company.

8.2 Net assets ("NA"), NA per share and gearing

For illustrative purposes, based on the audited consolidated financial statements of TDEX for the FYE 30 June 2020, the estimated effects of the Proposed Disposal on the NA and NA per share and gearing of TDEX Group are shown as follows:-

	Audited as at 30 June 2020 (RM)	After the Proposed Disposal (RM)
Share capital and reserves	46,737,018	46,737,018
Accumulated losses	(16,424,384)	(13,705,591)
Total equity attributable to owners of the Company	30,312,634	33,031,427
Non-controlling interest	(943,804)	74,989
	29,368,830	33,106,416
Number of ordinary shares in issue	767,087,723	767,087,723
NA per share of the Company	0.04	0.04
Net borrowings	18,643,917	18,643,917
Net gearing (times)	0.615	0.56

8.3 Earnings and earnings per share (“EPS”)

For illustrative purposes, assuming the Proposed Disposal was completed by FYE 30 June 2020, the proforma effects of the Proposed Disposal on the earnings and EPS of TDEX Group for the FYE 30 June 2020 are set out as below:-

	(RM)
Loss after tax for the FYE 30 June 2020	(9,974,630)
Add: Expected gain on the Proposed Disposal	2,718,793
Estimated Loss after tax after the Proposed Disposal	(7,255,837)
Weighted Average number of ordinary shares (units)	623,693,419
Estimated Loss per share (Sen)	(1.16)

9. PERCENTAGE RATIO

Pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio applicable to the Proposed Disposal is 17.02% based on the latest audited consolidated financial statements of TDEX for the financial year ended 30 June 2020.

10. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of the Company or any other relevant authorities.

11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of TDEX and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Disposal.

12. DIRECTORS' STATEMENT

The Board, having taken into consideration all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of TDEX Group.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed by the 1st quarter of calendar year 2021.

14. DOCUMENT FOR INSPECTION

The SPA will be made available for inspection at TDEX's registered office at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor during normal office hours from Mondays to Fridays (excluding public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 27 November 2020.