

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

PROPOSED PRIVATE PLACEMENT OF NOT MORE THAN 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN TDEX

(Unless otherwise defined, the definitions set out in the announcement dated 28 September 2020 ("Announcement") shall apply herein)

We refer to the Announcement and the queries from Bursa Securities in relation to the Proposed Private Placement. M&A Securities on behalf of the Board wishes to provide additional information in relation to the Proposed Private Placement as follows:

1.0 Additional information on the utilisation of proceeds

The gross proceeds to be raised from the Proposed Private Placement of approximately RM12.07 million are expected to be utilised by the Group in the following manner:

<u>Utilisation of proceeds</u>	<u>Notes</u>	<u>Amount RM'000</u>	<u>Expected timeframe for utilisation of proceeds (from listing date)</u>
IT Contracts and IT Orders			
- Existing IT Contracts and IT Orders	(i)(ii)	800	Within 18 months
- New IT Contracts and IT Orders	(i)	10,974	Within 18 months
Estimated expenses for the Proposed Private Placement	(iii)	300	Within 1 month
Total estimated proceeds		<u>12,074</u>	

Notes:

- (i) The Group intends to utilise the proceeds of approximately RM11.77 million earmarked for existing and new IT Contracts and IT Orders to fund amongst others, the performance bonds required for existing and new IT Contracts and IT Orders, purchase of inventories, insurance, mobilisation cost and staff cost for the implementation of the existing and new IT Contracts and IT Orders as well as expenses to be incurred to tender for future IT Contracts and IT Orders.

The details of the mobilisation cost and staff cost are disclosed below:

<u>Expenses</u>	<u>Details</u>
Mobilisation cost	To mobilise the project management team or external service provider to project site for initial site visit study on the premises, requirement gathering, project planning study and project implementation.
Staff cost	Fixed monthly employee costs and benefits such as wages, salaries, statutory contributions, travelling and accommodation expenses required to facilitate the delivery and management of the secured and/or potential IT Contracts and IT Orders.

The Group to generate revenue mainly from:

- (a) securing IT Contracts; and
- (b) securing IT Orders.

As at the LPD, the Group has tendered for 14 new IT Contracts totalling approximately RM111.16 million through a government electronic procurement system that enables suppliers to submit tender for their products and services offering via online to the government ("**Electronic Procurement System**"). Based on the information available in the Electronic Procurement System, of the 14 tendered IT Contracts, the Group has been ranked as one of the top 5 tenderers for 4 of the tendered IT Contracts with an aggregate contract value of approximately RM58.4 million.

In addition, the Group has also secured 2 new IT Orders to supply computer and point of sales hardware valued at approximately RM19.9 million, details of which are as follow:

<u>Name/description</u>	<u>Status</u>	<u>Date secured</u>	<u>Commence-ment date</u>	<u>Expected completion date</u>
Supply of computer and point of sale hardware as well as related accessories and peripherals such as barcode scanner, printer, cash drawer, receipt printer and touchable screen	Ongoing	5 Jul 2020	5 Jul 2020	4 Jul 2021
Supply of high density focus scanners	Secured but pending implementation	13 Aug 2020	1 Dec 2020	30 Jun 2022

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.

- (ii) The existing IT Contracts and IT Orders entails the provision of computer hardware such as laptop, desktop, scanner, printer, projector leasing services and provision of fixed schedule maintenance services to government agencies and also the private sector involved in the business of supplying computer and point of sale hardware as well as related accessories and peripherals such as barcode scanner, printer, cash drawer, receipt printer, touchable screen, service calling button and keyboard to the end users. The timeframe of the Group's existing IT Contracts and IT Orders generally ranges from 1 year to 3 years period.
- (iii) The estimated expenses of RM300,000 consist of fees payable to/for the relevant authority, advisers and placement fees. Any variation in the actual amount of expenses will be adjusted to/from the amount allocated for the IT Contracts and IT Orders.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the actual number of Placement Shares to be issued and the issue price of the Placement Shares. Any excess or shortfall of the actual proceeds raised will be adjusted to/from the amount earmarked for the IT Contracts and IT Orders.

Pending the full utilisation of the proceeds raised from the Proposed Private Placement, the Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institutions or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional funding for the IT Contracts and IT Orders.

This announcement is dated 16 October 2020.