

TECHNODEX BHD (“TDEX” OR “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF TDEX (“PROPOSED PRIVATE PLACEMENT”)

1. INTRODUCTION

On behalf of the Board of Directors of TDEX, Alliance Investment Bank Berhad (“AIBB”) wishes to announce that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of TDEX to third party investor(s) to be identified later.

Further details of the Proposed Private Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Size of the Proposed Private Placement

As at 15 December 2017, being the latest practicable date prior to this announcement (“LPD”), the issued share capital of TDEX is RM57,480,829, comprising 494,095,790 ordinary shares in TDEX (“TDEX Shares” or “Shares”). In addition, as at the LPD, the Company has 84,166,350 outstanding warrants which were issued on 23 September 2013 and expiring on 22 September 2018 (“Warrants”).

Assuming all the 84,166,350 outstanding Warrants are exercised prior to the implementation of the Proposed Private Placement, the Company’s issued share capital will be RM66,739,128 comprising 578,262,140 TDEX Shares. As such, a total of up to 57,826,214 new TDEX Shares may be issued pursuant to the Proposed Private Placement (“Placement Share(s)”).

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total issued share capital of the Company on a date to be determined and announced later, after obtaining all the relevant approvals.

The effects of the Proposed Private Placement shall be illustrated based on the following 2 scenarios:

Minimum Scenario : Assuming none of the outstanding Warrants are exercised prior to the implementation of the Proposed Private Placement.

Maximum Scenario : Assuming all the outstanding Warrants are exercised prior to the implementation of the Proposed Private Placement.

2.2 Basis of determining and justification for the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a later date ("**Price-Fixing Date**") after receipt of all relevant approvals for the Proposed Private Placement based on prevailing market conditions, trading volume and investor demand for the Placement Shares.

Based on Paragraph 6.05(a) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Placement Shares may be issued based on a discount of not more than 10% to the 5-day volume weighted average market price ("**VWAMP**") of TDEX Shares immediately before the Price-Fixing Date.

For illustrative purposes only, where applicable throughout this announcement, the issue price of the Placement Shares is assumed at RM0.122 per Placement Share, representing a discount of about RM0.013 or 9.63% to the 5-day VWAMP of TDEX Shares up to and including the LPD of RM0.135 per TDEX Share.

2.3 Placement arrangement

The Placement Shares will be placed to third party investor(s) to be identified at a later stage, where such investor(s) shall be person(s) who/which qualify under Schedule 6 and/or 7 of the Capital Markets and Services Act, 2007. These include, among others, high net worth individuals whose net personal assets exceed RM3.0 million or corporations with net assets exceeding RM10.0 million, as well as any issuance of the Placement Shares for a consideration of not less than RM250,000 to each investor.

In any event, the Placement Shares will not be placed to the following parties:

- (i) A director, major shareholder or chief executive of TDEX ("**Interested Person**");
- (ii) A person connected with an Interested Person; or
- (iii) Nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in one or more tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement, or any extended period as may be approved by Bursa Securities. As such, there could be several price fixing dates and issue prices. For the avoidance of doubt, the issue price for each tranche of the Placement Shares shall be determined separately, in accordance with the basis mentioned in Section 2.2 above.

The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors, taking into consideration market conditions and to optimise proceeds to be raised.

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing TDEX Shares, save and except that the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the Placement Shares were allotted on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

2.5 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

2.6 Use of proceeds

The actual amount of proceeds to be raised from the Proposed Private Placement will depend on the issue price and the actual number of Placement Shares issued.

For illustrative purposes, based on the assumed issue price of RM0.122 per Placement Share and issuance of up to 49,409,579 Placement Shares and 57,826,214 Placement Shares under the Minimum and Maximum Scenario respectively, the Proposed Private Placement is expected to generate gross proceeds of up to approximately RM6.1 million and RM7.1 million respectively.

The proceeds raised from the Proposed Private Placement are expected to be used in the following manner:

Details of use	Notes	<---Amount of proceeds--->		Estimated timeframe for use
		Minimum Scenario RM'000	Maximum Scenario RM'000	
Commercialisation expenditure	(a)	5,000	5,000	Within 12 months from the receipt of the proceeds from the Proposed Private Placement
Working capital	(b)	898	1,905	Within 12 months from the receipt of the proceeds from the Proposed Private Placement
Estimated expenses in relation to the Proposed Private Placement	(c)	130	150	Upon completion of the Proposed Private Placement
Total		6,028	7,055	

Notes:

- (a) *The commercialisation expenditure will be mainly used to fund commercialisation activities for TDEX and its subsidiaries ("Group") existing programme/platform as set out below. These programme/ platform (some of which were disclosed in TDEX's circular to shareholders dated 14 July 2017) have completed development activities and are ready to be commercialised. Commercialisation activities include marketing expenses, brand building activities and awareness roadshows for its potential customers.*

Name of programme/ platform	Details of programme/ platform	Amount of proceeds (RM'000)
<i>Property Platform 2.0</i>	<p>An e-commerce platform to provide property information such as:</p> <ul style="list-style-type: none"> (i) property transaction listing; (ii) proprietary algorithm with statistical model to estimate property price; (iii) research dashboard facilitating property valuation; and (iv) property listing management. <p>The potential users and target customers for this platform are financial institutions, auditors and accountants, estate agencies, property valuers and property research houses.</p>	2,000
<i>IT Bay</i>	<p>IT Bay is a premier online store specialising exclusively in wholesale IT hardware and accessories and it is aimed to provide the following capabilities:</p> <ul style="list-style-type: none"> (i) providing an online shopping website for retail sales direct to consumers; (ii) providing business-to-consumer or consumer-to-consumer sales; (iii) business-to-business buying and selling; and (iv) gathering and using demographic data through web contracts and social media. <p>The potential users and target customers for this platform are computer resellers and end-consumers.</p>	1,500
<i>e-HR v3.0</i>	<p>An e-commerce platform similar to Jobstreet and LinkedIn, with added features similar to Facebook, to service the human resource recruitment industry with emphasis on information related jobs. It acts as a job matching engine for jobseekers and job posting platform for employers.</p> <p>The potential users for this platform are job seekers, recruitment agencies and hiring companies.</p> <p>The target customers for this platform are:</p> <ul style="list-style-type: none"> (i) multinational companies that are setting up regional offices in Southeast Asia and looking for local talents to fill the IT operation; (ii) local companies looking for candidates to fulfil IT operation needs; and (iii) foreign companies looking for IT candidates with proficiency in English and lower salary range. 	1,500
		5,000

- (b) The proceeds earmarked for general working capital requirements including day to day operations and administrative expenses of the existing core business of TDEX Group. The breakdown of proceeds to be utilised for each component of working capital has not been determined at this juncture and will depend on the operating and funding requirements of the Group at the relevant point in time.

- (c) *The estimated expenses consist of professional fees, fees payable to authorities, placement fees and other miscellaneous expenses to be incurred in relation to the Proposed Private Placement.*

Any variation in the proceeds as illustrated above and the actual proceeds raised shall be adjusted against the amount allocated for working capital.

Pending the use of proceeds for the Proposed Private Placement, the said proceeds will be placed in interest bearing deposits with financial institutions or short term money market instruments as the Board may deem fit.

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration of the various funding options available to the Company, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising as the Proposed Private Placement:

- (i) is a more expeditious way of raising funds from the capital market as compared to rights issue;
- (ii) provide an avenue to raise funds for the purposes as set out in Section 2.6 of this announcement without incurring interest cost as compared to bank borrowings; and
- (iii) increase the size and strength of the Company's shareholders' funds and potentially improve the liquidity and marketability of the TDEX Shares.

4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

4.1 Issued share capital

The pro forma effect of the Proposed Private Placement on the issued share capital of TDEX as at the LPD are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	494,095,790	57,480,829	494,095,790	57,480,829
Shares to be issued assuming all the outstanding Warrants are exercised prior to the implementation of the Proposed Private Placement	-	-	84,166,350	9,258,299 ^(a)
	494,095,790	57,480,829	578,262,140	66,739,128
Shares to be issued pursuant to the Proposed Private Placement	49,409,579	6,027,969 ^(b)	57,826,214	7,054,798 ^(b)
Enlarged issued share capital	543,505,369	63,508,798	636,088,354	73,793,926

Notes:

- (a) *Calculated based on the number of outstanding Warrants multiplied by the exercise price of RM0.11 per Warrant.*

- (b) Calculated based on the number of Placement Shares to be issued multiplied by the assumed issue price of RM0.122 per Placement Share.

4.2 Net Assets ("NA"), NA per Share and gearing

Based on the latest audited consolidated financial statements of TDEX for the financial year ended 30 April 2017, the pro forma effects of the Proposed Private Placement on TDEX's consolidated NA, NA per Share and gearing are as follows:

Minimum Scenario

		(I) Subsequent adjustments up to the LPD	(II) After the Proposed Private Placement
	Audited as at 30 April 2017		
	RM	RM	RM
Share capital	41,293,329	57,480,829 ^(a)	63,508,798 ^(d)
Share premium	1,303,919	1,303,919	1,303,919
Acquisition reserve	-	(9,904,452) ^(b)	(9,904,452)
Accumulated losses	(13,146,147)	(13,696,147) ^(c)	(13,826,147) ^(e)
NA	29,451,101	35,184,149	41,082,118
No. of Shares	412,933,290	494,095,790	543,505,369
NA per Share (RM)	0.07	0.07	0.08
Total borrowings (RM)	3,249,644	3,249,644	3,249,644
Gearing (times)	0.11	0.09	0.08

Notes:

- (a) After adjusting for the following:
- (i) issuance of 500,000 new TDEX Shares arising from the exercise of 500,000 Warrants at the exercise price of RM0.11 per Warrant;
 - (ii) issuance of 13,387,500 new TDEX Shares at an issue price of RM0.20 per TDEX Share, as the purchase consideration for the acquisition of 42% equity interest in Idealseed Resources Sdn Bhd by TDEX, which was completed on 8 December 2017 ("Acquisition I"); and
 - (iii) issuance of 67,275,000 new TDEX Shares at an issue price of RM0.20 per TDEX Share, as the purchase consideration for the acquisition of 50% equity interest in SurfsTek Resources (R&D) Sdn Bhd by TDEX, which was completed on 8 December 2017 ("Acquisition II").
- (b) Based on the differences between the purchase consideration and net assets acquired for Acquisition I and Acquisition II.
- (c) After deducting estimated expenses of approximately RM91,283 and RM458,717 for Acquisition I and Acquisition II respectively.
- (d) Assuming up to 49,409,579 Placement Shares are issued based on the assumed issue price of RM0.122 per Placement Share.
- (e) After deducting estimated expenses of approximately RM130,000 incurred in relation to the Proposed Private Placement.

Maximum Scenario

		(I)	(II)	(III)
	Audited as at 30 April 2017	Subsequent adjustments up to the LPD	Assuming all the outstanding Warrants are exercised	After the Proposed Private Placement
	RM	RM	RM	RM
Share capital	41,293,329	57,480,829 ^(a)	66,739,128 ^(d)	73,793,926 ^(e)
Share premium	1,303,919	1,303,919	1,303,919	1,303,919
Acquisition reserve	-	(9,904,452) ^(b)	(9,904,452)	(9,904,452)
Accumulated losses	(13,146,147)	(13,696,147) ^(c)	(13,696,147)	(13,846,147) ^(f)
NA	29,451,101	35,184,149	44,442,448	51,347,246
No. of Shares	412,933,290	494,095,790	578,262,140	636,088,354
NA per Share (RM)	0.07	0.07	0.08	0.08
Total borrowings (RM)	3,249,644	3,249,644	3,249,644	3,249,644
Gearing (times)	0.11	0.09	0.07	0.06

Notes:

(a) After adjusting for the following:

- (i) issuance of 500,000 new TDEX Shares arising from the exercise of 500,000 Warrants at the exercise price of RM0.11 per Warrant;
- (ii) issuance of 13,387,500 new TDEX Shares at an issue price of RM0.20 per TDEX Share, as the purchase consideration for the acquisition of 42% equity interest in Idealseed Resources Sdn Bhd by TDEX, which was completed on 8 December 2017 ("Acquisition I"); and
- (iii) issuance of 67,275,000 new TDEX Shares at an issue price of RM0.20 per TDEX Share, as the purchase consideration for the acquisition of 50% equity interest in SurfsTek Resources (R&D) Sdn Bhd by TDEX, which was completed on 8 December 2017 ("Acquisition II").

(b) Based on the differences between the purchase consideration and net assets acquired for Acquisition I and Acquisition II.

(c) After deducting estimated expenses of approximately RM91,283 and RM458,717 for Acquisition I and Acquisition II respectively.

(d) Assuming the 84,166,350 outstanding Warrants as the LPD are fully exercised at the exercise price of RM0.11 per Warrant.

(e) Assuming up to 57,826,214 Placement Shares are issued based on the assumed issue price of RM0.122 per Placement Share.

(f) After deducting estimated expenses of approximately RM150,000 incurred in relation to the Proposed Private Placement.

4.3 Earnings and earnings per Share ("EPS")

The Proposed Private Placement is not expected to have any material effect on the earnings of the Group for the financial year ending 30 April 2018. However, there will be a proportionate dilution in the EPS of TDEX due to the increase in the number of TDEX Shares in issue arising from the Proposed Private Placement.

Nevertheless, the proposed use of proceeds to be raised from the Proposed Private Placement, as set out in Section 2.6 above, is expected to result in positive contribution to the future earnings of the Group.

4.4 Substantial shareholders' shareholdings

The pro forma effect of the Proposed Private Placement on the shareholdings of the substantial shareholders of TDEX as at the LPD are as follows:

Minimum Scenario

Substantial shareholders	As at the LPD				(I) After Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
SurfsTek Resources (M) Sdn. Bhd.	67,275,000	13.62	-	-	67,275,000	12.38	-	-
ACE Credit (M) Sdn. Bhd.	44,982,200	9.10	-	-	44,982,200	8.28	-	-
Tan Boon Wooi	33,065,000	6.69	-	-	33,065,000	6.08	-	-
Kerk Han Meng	31,731,086	6.42	-	-	31,731,086	5.84	-	-

Maximum Scenario

Substantial shareholders	<div> <div>(I)</div> <div>Assuming all the outstanding Warrants are exercised</div> <div>(II)</div> <div>After Proposed Private Placement</div> </div>											
	As at the LPD											
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares		No. of Shares		No. of Shares		No. of Shares		No. of Shares		No. of Shares	
		%		%		%		%		%		%
SurfsTek Resources (M) Sdn. Bhd.	67,275,000	13.62	-	-	67,275,000	11.63	-	-	67,275,000	10.58	-	-
ACE Credit (M) Sdn. Bhd	44,982,200	9.10	-	-	44,982,200	7.78	-	-	44,982,200	7.07	-	-
Tan Boon Wooi	33,065,000	6.69	-	-	33,065,000	5.72	-	-	33,065,000	5.20	-	-
Kerk Han Meng	31,731,086	6.42	-	-	31,731,086	5.49	-	-	31,731,086	4.99	-	-

4.5 Convertible securities

Save for the outstanding Warrants, the Company does not have any other existing convertible securities as at the LPD.

Pursuant to the deed poll dated 6 August 2013 constituting the Warrants, no adjustments are required to be made to the exercise price and/or subscription rights of the outstanding Warrants pursuant to the Proposed Private Placement.

5. APPROVALS REQUIRED

The Proposed Private Placement is subject to the following approvals being obtained:

- (i) Bursa Securities, for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the ACE Market of Bursa Securities; and
- (ii) Any other relevant authorities and/or parties, if required.

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act, 2016 obtained from the shareholders of TDEX at its 13th Annual General Meeting (“AGM”) convened on 20 October 2017, whereby the Board had been authorised to allot and issue new shares in the Company not exceeding 10% of the total number of issued share capital of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

The Proposed Private Placement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the directors and/or major shareholders of TDEX and/or persons connected to them have any interest, either direct or indirect, in the Proposed Private Placement.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Private Placement, including but not limited to the rationale and effects of the Proposed Private Placement, as well as the use of proceeds arising from the issuance of the Placement Shares, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

8. APPLICATION TO THE RELEVANT AUTHORITIES AND ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the listing of and quotation for the Placement Shares is expected to be submitted within 1 month from the date of this announcement.

Barring any unforeseen circumstances and subject to all relevant approvals being obtained from the relevant authorities and/or parties, the Proposed Private Placement is expected to be completed by the 1st quarter of calendar year 2018.

9. ADVISER

AIBB has been appointed as Adviser and Placement Agent for the Proposed Private Placement.

This announcement is dated 19 December 2017.