

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

- PROPOSED PRIVATE PLACEMENT
 - PROPOSED ACQUISITION
-

1. INTRODUCTION

On behalf of the Board of Directors of TDEX (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) is pleased to announce that the Company proposes to undertake the following corporate exercises:-

- (a) proposed private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company to investor(s) to be identified later (“**Proposed Private Placement**”); and
- (b) proposed acquisition and subscription by TDEX of a total of 275,000 ordinary shares of RM1.00 each in Idealseed Resources Sdn Bhd (“**Idealseed**”) (“**Idealseed Share(s)**”) representing 55% of the enlarged issued and paid-up share capital of Idealseed for a total cash consideration of RM2,200,000 via the following:-
 - (i) a conditional Agreement for Sale and Purchase of Shares dated 17 October 2014 (“**SSA**”) entered into between TDEX as purchaser and Tan Wah Choy as vendor (“**Vendor**”) for the proposed acquisition of 125,000 Idealseed Shares (“**Sale Shares**”) at a purchase price of RM1,000,000, representing RM8.00 per Sale Share from the Vendor; and
 - (ii) a conditional Subscription Agreement dated 17 October 2014 (“**Subscription Agreement**”) entered into between TDEX as subscriber, Idealseed as issuer and the Vendor for the proposed subscription by TDEX of 150,000 new Idealseed Shares (“**Subscription Share(s)**”) at a subscription price of RM1,200,000, representing RM8.00 per Subscription Share;

(hereinafter referred to as the “**Proposed Acquisition**”).

The Proposed Private Placement and Proposed Acquisition shall hereinafter collectively referred to as the “**Proposals**”.

Please refer to the ensuing sections of this announcement for further details pertaining to the Proposals.

2. PROPOSED PRIVATE PLACEMENT

2.1 Details of the Proposed Private Placement

The Proposed Private Placement will be undertaken in accordance with a general mandate pursuant to Section 132D of the Companies Act, 1965 (“**Act**”).

2.2 Size of the Placement

Based on the issued and paid-up share capital of TDEX as at 30 September 2014, being the latest practicable date prior to this announcement (“**LPD**”), of RM34,078,540 comprising 340,785,400 ordinary shares of RM0.10 each in TDEX (“**TDEX Shares**”) and 85,196,350 outstanding Warrants 2013/2018 of TDEX (“**Outstanding Warrants**”), the number of new TDEX Shares to be issued pursuant to the Proposed Private Placement (“**Placement Shares**”) would be as follows:-

- (a) up to 34,078,500 Placement Shares, representing approximately 10% of the existing issued and paid-up share capital of TDEX of 340,785,400 TDEX Shares assuming none of the Outstanding Warrants are exercised ("**Minimum Scenario**"); and
- (b) up to 42,598,100 Placement Shares representing approximately 10% of the enlarged issued and paid-up share capital of TDEX of 425,981,750 TDEX Shares assuming full exercise of the Outstanding Warrants ("**Maximum Scenario**").

Accordingly, the actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the issued and paid-up share capital of TDEX at any point in time upon obtaining all the relevant approvals.

2.3 Placement Arrangement

TDEX proposes to place the Placement Shares to investor(s) to be identified later. Placee(s) shall be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007. The Placement Shares shall not be placed to the following parties:-

- (a) a Director, major shareholder or chief executive officer of TDEX or a holding company of TDEX ("**Interested Person**");
- (b) a person connected with the Interested Person; and
- (c) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in multiple tranches within six (6) months from the date of approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, if required, until the conclusion of the next Annual General Meeting of the Company or a new mandate being obtained from shareholders of TDEX, as the case may be as the Company believes that the placee(s) may be identified and procured over a period of time rather than simultaneously.

2.4 Basis of arriving at the Issue Price of the Placement Shares

The issue price of the Placement Shares shall be determined by the Board at a later date after the receipt of all relevant approvals for the Proposed Private Placement.

The Placement Shares will not be priced at more than 10% discount to the five (5)-day volume-weighted average market price ("**VWAP**") of TDEX Shares immediately before the price fixing date. In any event, the Placement Shares will not be priced lower than RM0.10, being the par value of the TDEX Shares.

For information purpose only, the five (5)-day VWAP of TDEX Shares up to and including 16 October 2014 (being the last market day immediately preceding the date of this announcement) is RM0.22.

2.5 Listing of and Quotation for the Placement Shares

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

2.6 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects of with the existing TDEX Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Placement Shares.

2.7 Utilisation of Proceeds

The actual proceeds to be raised from the Proposed Private Placement are dependent on the final issue price of the Placement Shares and the actual number of Placement Shares to be issued to the placee(s). Any variation in the actual proceeds raised will be adjusted to or from the amount earmarked for the working capital/future investment purpose. For the avoidance of doubt, proceeds to be raised from the Proposed Private Placement will not be utilised as the consideration for the Proposed Acquisition.

For illustrative purposes only, based on the issue price of RM0.20, being approximately 10% discount to the five (5)-day VWAP of TDEX Shares up to and including 16 October 2014 (being the last market day immediately preceding the date of this announcement) of RM0.22, the Private Placement is expected to raise gross proceeds of up to RM8.52 million and is expected to be utilised in the following manner:-

Details of Utilisation	Estimated Timeframe for Utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Working capital/ future investment ⁽¹⁾	Within 24 months	6,466	8,170
Estimated expenses in relation to the Proposals ⁽²⁾	Immediately	350	350
Total		6,816	8,520

Notes:-

- (1) *The Company proposes to earmark approximately RM6.47 million and RM8.17 million under the Minimum Scenario and Maximum Scenario respectively to meet its daily working capital requirements and/or future investment purposes. Save for the Proposed Acquisition set out in Section 3 of this announcement and as at the date of this announcement, the Board has not identified any other viable investment project(s) for TDEX and its subsidiaries (collectively, the “TDEX Group”) to embark on. The Company shall make the requisite announcement, where required by the ACE Market Listing Requirements of Bursa Securities (“Listing Requirements”), once the investments project(s) has/have been identified and confirmed for execution.*

As at the date of this announcement, the allocation between working capital and investment projects have not been determined. The breakdown of proceeds to be allocated for working capital and/or investment projects will be dependent on the operating and funding requirements of the TDEX Group as at the relevant time.

In the event that no suitable investment projects are identified by the TDEX Group, the entire amount will be utilised for working capital purposes. In tandem with the growth of the TDEX Group's businesses, the working capital is envisaged to be utilised to meet its obligations which include amongst others, payment of creditors, finance lease payables and other operating expenses.

- (2) *The estimated expenses relating to the Proposals comprises, amongst others, professional fees, placement fees and fees payable to relevant authorities. In the event that the actual expenses related to the Proposals differ from the estimated amount above, the excess/shortfall will be allocated to/from working capital/future investment of the TDEX Group.*

Pending the utilisation of proceeds from the Proposed Private Placement for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments(s).

3. PROPOSED ACQUISITION

3.1 Details of the Proposed Acquisition

The Proposed Acquisition involves the acquisition and subscription by TDEX of a total of 275,000 Idealseed Shares representing 55% of the enlarged issued and paid-up share capital of Idealseed for a total cash consideration of RM2,200,000 ("**Purchase Consideration**") via the SSA and Subscription Agreement.

Upon the completion of the Proposed Acquisition, Idealseed will be a 55%-owned subsidiary of TDEX.

3.2 Information on Idealseed

Idealseed was incorporated in Malaysia as a private limited company under the Act on 24 November 2004 and commenced operation in 2005.

As at the LPD, Idealseed has an authorised share capital of RM500,000 comprising 500,000 Idealseed Shares of which 350,000 Idealseed Shares 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 subsidiaries are principally involved in the provision of consultancy and supply of human resources services, sourcing information technology ("**IT**") projects and provision of IT-related services. As at the LPD, Idealseed does not have any associated company.

A summary of the audited financial information of Idealseed and its subsidiaries (collectively, the "**Idealseed Group**") for the past three (3) financial years ended ("**FYE**") 31 December 2011 to 31 December 2013 is set out in the table below:-

FYE 31 December	Audited		
	* 2011 RM'000	2012 RM'000	2013 RM'000
Revenue	3,626	4,506	4,469
Profit before tax	135	287	356
Profit after taxation (" PAT ")	96	206	269
PAT and minority interest (" PATMI ")	96	198	248
Issued and paid up share capital ('000)	350	350	350
Shareholders' funds/Net assets (" NA ")	1,122	1,322	570
Total borrowings	897	557	449
Earnings per share (" EPS ") (RM)	0.27	0.57	0.71
NA per share (RM)	3.21	3.78	1.63
Gearing ratio (times)	0.80	0.42	0.79

Note:-

* For the FYE 31 December 2011, the investment in Idealseed Talent Tactics Sdn Bhd, a subsidiary of Idealseed, was accounted for as a 51%-owned subsidiary acquired with a view for sale.

The directors and substantial shareholders of Idealseed and their respective shareholdings in Idealseed as at the LPD are as follows:-

	No. of Idealseed Shares	%
<u>Directors</u>		
Tan Wah Choy	303,000	86.57
Tan Lee Chiew	20,000	5.71
<u>Substantial Shareholders</u>		
Tan Wah Choy	303,000	86.57
Tan Lee Chiew	20,000	5.71
Wong Siam Hong	20,000	5.71

3.3 Information on the Vendor

Mr. Tan Wah Choy, aged 46, a Malaysian and is an entrepreneur and businessman by profession. He is also a director and substantial shareholder of Idealseed with 86.57% equity interest as at the LPD.

3.4 Salient Terms of the SSA and the Subscription Agreement

3.4.1 Salient Terms of the SSA

3.4.1.1 Conditions Precedent

Completion of SSA is conditional upon:-

- (a) Satisfactory due diligence conducted by TDEX on the Idealseed Group, comprising Idealseed, Ideal Arrowhead Sdn Bhd, Idealseed Talent Tactics Sdn Bhd and Idealseed Creation Sdn Bhd;
- (b) the Subscription Agreement becoming unconditional save for the conditions requiring the SSA to become unconditional;
- (c) the approval of the board of directors of Idealseed for the transfer of the Sale Shares to TDEX having been obtained by the Vendor; and
- (d) the approvals, consents authorisations, permits or waivers of any other relevant governmental or regulatory body and any other third parties necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the SSA have been obtained.

(collectively, the “**SSA Conditions Precedent**”).

The SSA Conditions Precedent shall be satisfied on or before 31 December 2014 (hereinafter referred to as the “**Cut-Off Date**”) or such extension of time as may be agreed between the parties thereto.

The SSA shall lapse and cease to have any further force or effect if any of the Conditions Precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the parties.

TDEX may at its discretion waive any of the SSA Conditions Precedent by notice in writing to the Vendor.

3.4.1.2 Payment of Purchase Consideration

The purchase consideration for the Sale Shares of RM1,000,000 ("**Purchase Consideration for the Sale Shares**") shall be paid as follows:-

- (a) on the date of signing of the SSA, TDEX shall pay a deposit sum of ten percent (10%) of the Purchase Consideration for the Sale Shares ("**Deposit Sum**") in cash by way of cheque or banker's cheque to the Vendor; and
- (b) the remaining ninety percent (90%) of the Purchase Consideration for the Sale Shares shall be paid by TDEX to the Vendor on the completion date, being a day falling within fourteen (14) business days after the date the last of the SSA Conditions Precedent are satisfied or such other date as TDEX and the Vendor may agree in writing, concurrently with the completion date under the Subscription Agreement ("**Completion Date**").

3.4.1.3 Profit Guarantee from the Vendor

- (a) The Vendor agrees, undertakes and guarantees that the aggregate audited profit after tax ("**PAT**") of the Idealseed Group for the financial year endings 30 April 2015 and 30 April 2016 ("**Profit Guarantee Period**") shall not be less than RM2,250,000 in aggregate, comprising the following:-

Profit Guarantee Period	Guaranteed Profit RM
<u>Year 1:</u> In respect of all Idealseed Group: 1 May 2014 - 30 April 2015 (" Year 1 ").	1,000,000
<u>Year 2:</u> In respect of all Idealseed Group: 1 May 2015 – 30 April 2016 (" Year 2 ").	1,250,000
TOTAL	2,250,000

(the "**Profit Guarantee**").

- (b) As security for the Guaranteed Profit, the Vendor agrees to deposit a total of 178,000 Idealseed Shares owned by the Vendor and other Idealseed Shares or cash as are added thereto pursuant to any bonus issue or dividend payment or any other entitlement to the Idealseed Shares deposited ("**Pledged Shares**") or dividend payment or any other entitlement to the Pledged Shares with TDEX's solicitors as stakeholders on the Completion Date.

The Pledged Shares shall be free of all encumbrances and moratorium and valued at RM8.00 per Idealseed Share during the entire Profit Guarantee Period.

For the avoidance of doubt, all legal and beneficial interest to the Pledged Shares remain with the Vendor until the same are transferred to TDEX pursuant to this clause.

- (c) Upon adoption of the audited consolidated financial statements of the Idealseed Group for the financial year ending 30 April 2015 ("**Accounts Year 1**") and 30 April 2016 ("**Accounts Year 2**") by the shareholder(s) of Idealseed, TDEX shall notify the Vendor in writing ("**Notice**") of the following:-
- (i) the amount of the PAT for each of Year 1 and Year 2 and the aggregate thereof;
 - (ii) whether there is a shortfall between the aggregate PAT for Year 1 and Year 2 compared against the aggregate amount of the Guaranteed Profit of RM2,250,000 ("**Shortfall**"); and
 - (iii) if there is a Shortfall, the Shortfall amount;
- with a copy of the Notice being furnished to TDEX's solicitors.
- (d) The Pledged Shares shall be returned to the Vendor in the event the aggregated PAT for Year 1 and Year 2 is equivalent to or more than the Guaranteed Profit and upon receipt of the Notice from TDEX, the parties agree and TDEX's solicitors is authorised to release and return the Pledged Shares to the Vendor within fourteen (14) business days of receipt by the TDEX's solicitors of the Notice.
- (e) In the event there is a Shortfall:-
- (i) the Vendor shall be liable to fully pay the Shortfall to TDEX in cash up to RM2,250,000 only within fourteen (14) business days from the date of the Notice; and
 - (ii) upon payment of the Shortfall in full, the Purchaser shall inform TDEX's solicitors in writing confirming that the Shortfall has been paid and the TDEX's solicitors is authorised to return the Pledged Shares to the Vendor within fourteen (14) business days from the date of receipt by TDEX's solicitors of the Notice.
- (f) In the event if the Vendor fail to pay TDEX the Shortfall in full in accordance with clause 3.4.1.3(e) of this announcement, the outstanding shortfall amount shall be met by the transfer of the Pledged Shares to TDEX based on the valuation set herein.
- (g) In the event the Pledged Shares transferred (including the release of deposited dividend payment in relation to the Pledged Shares) to TDEX is insufficient to pay all of the Shortfall, TDEX shall inform the Vendor in writing of the same and the Vendor shall be liable to pay TDEX the remaining outstanding Shortfall amount within fourteen (14) days of the said notice in cash, failing which TDEX shall be entitled to impose late payment interest at the rate of eight per cent (8%) per annum on the total outstanding amount not paid calculated from the date the said amount is due up to the date of full settlement thereof which shall be paid concurrently with the such outstanding amounts.

3.4.1.4 Account Receivables as at 30 April 2014

- (a) The Vendor agrees, undertakes and guarantees that all accounts and trade receivables of the Idealseed Group appearing on the audited consolidated financial statements of the Idealseed Group as at 30 April 2014 shall not be less than RM900,000 and will be fully recovered in the ordinary course of business of the respective companies of the Idealseed Group on or before 30 April 2015 ("**Trade Receivables 2014**").
- (b) In the event there are any Trade Receivables 2014 which are not recovered or written off on or before 30 April 2015, the Vendor shall be liable to TDEX to pay TDEX in cash the amounts not recovered or written off (as the case may be) within fourteen (14) days of written notice from TDEX, failing which TDEX shall be entitled (in addition to any other remedies available to the TDEX under this SSA, law or otherwise) to late payment interest at the rate of 8% per annum on the total amount not paid up calculated from the date the said amount is due up to the date of full settlement thereof.
- (c) In determining whether the Trade Receivables 2014 have been collected, TDEX shall be entitled to rely on the audited accounts for Year 1, the Idealseed Group' books and records and/or conduct a special audit to determine the same. The cost of special audit shall be borne equally among the parties.

3.4.1.5 Real Properties

- (a) The Vendor shall within three (3) months from the date of the SSA transfer the legal and registered ownership of ten (10) parcels of hostel accommodations known as SiberTel, Kota University, Bangi to Idealseed free from all encumbrance at the cost and expense of the Vendor.
- (b) Failure to perform this shall constitute a material breach of the SSA which entitles TDEX to remedies it may have in law and equity.
- (c) The Vendor shall deposit memorandum of transfer in Form 14A of the National Land Code duly executed by both the Vendor as transferor and Idealseed as transferee of the memorandum of transfer with the Company no later than fourteen (14) days upon execution of the SSA.

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3.4.1.6 Right of First Refusal

- (a) The Vendor agrees not to dispose, divest or otherwise deal any of its shareholding or interest in Idealseed after the Completion Date, without the prior written consent of TDEX, unless to a bona fide purchaser.
- (b) Pursuant to the SSA, the Vendor grants TDEX the right of first refusal to purchase all and any ordinary shares or other securities with or convertible into securities with voting rights in Idealseed which the Vendor hold in Idealseed from time to time in the event the Vendor intends to dispose, divest or otherwise deal with any or all the same on terms not less favourable to that accorded to the purchaser(s)/ transferee(s).

3.4.1.7 Termination

- (a) If TDEX fails to complete the sale and purchase of the Sale Shares in accordance with the SSA on the Completion Date and/or breaches any of the terms and/or the purchaser's warranties of this SSA, then the Vendor shall be entitled to either:-
 - (i) claim for specific performance under the SSA; or
 - (ii) terminate the SSA and upon such termination, TDEX shall within fourteen (14) days of termination pay to the Vendor all reasonable costs and expense incurred by the Vendor pursuant to the negotiation and preparation of the SSA and any incidental costs thereto;

after which the Vendor shall return the Deposit Sum and thereafter have no other claims whatsoever against the Purchaser and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

- (b) If the Vendor shall fail to complete the sale and purchase of the Sale Shares in accordance with the SSA on Completion Date and/or breaches any of the Vendor's warranties and/or terms of the SSA, then TDEX shall be entitled to either:-
 - (i) claim for specific performance of this Agreement; or
 - (ii) terminate this Agreement and upon such termination, the Vendor shall within fourteen (14) days of termination refund the Purchaser the Deposit Sum and pay to the Purchaser all reasonable costs and expenses incurred by the Purchaser pursuant to the negotiation and preparation of this Agreement and any incidental costs thereto failing which the Vendor shall pay interest at the rate of 8% per annum on the Deposit Sum outstanding computed from the date it is due for payment up to the date the Deposit Sum has been fully refunded which interest shall be paid concurrently with the Deposit Sum;

after which TDEX shall have no other claims whatsoever against the Vendor and the Vendor shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

- (c) If the Vendor shall breach any of its obligations under clauses 3.4.1.3, 3.4.1.4, 3.4.1.5, and 3.4.1.6 of this announcement, TDEX shall be entitled to claim for specific performance in addition to any other remedies as may be available to TDEX under law and/or equity and the Vendor shall indemnify and hold TDEX harmless against all costs, charges and expenses incurred or suffered by TDEX arising from such breach.

3.4.2 Salient Terms of the Subscription Agreement

3.4.2.1 Conditions Precedent

Completion of the Subscription Agreement is conditional upon:-

- (a) Satisfactory due diligence conducted by TDEX on the Idealseed Group;
- (b) the SSA becoming unconditional save for the conditions requiring the Subscription Agreement to become unconditional;
- (c) the approvals, consents authorisations, permits or waivers of any other relevant governmental or regulatory body and any other third parties necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the Subscription Agreement having been obtained.

(collectively, the “**SA Conditions Precedent**”).

The SA Conditions Precedent shall be satisfied on or before the Cut-Off Date or such extension of time as may be agreed between the parties thereto.

The Subscription Agreement shall lapse and cease to have any further force or effect if any of the SA Conditions Precedent has not been fulfilled on the expiry of the SA Cut-Off Date or such extension of time agreed between the parties.

TDEX may at its discretion waive any of the SA Conditions Precedent by notice in writing to the Vendor.

3.4.2.2 Subscription of the Subscription Shares

- (a) TDEX shall pay the subscription price of RM1,200,000 to Idealseed for the subscription of the Subscription Shares (“**Purchase Consideration for the Subscription Shares**”);
- (b) in exchange of payment of the Subscription Price, Idealseed shall:-
 - (i) allot and issue the said Subscription Shares to TDEX, and enter the name(s) of TDEX and/or its nominated wholly-owned subsidiary company(s) in its register of members as holder(s) of the Subscription Shares and deliver to TDEX a certified true copy of the latest Form 24 and Register of Members of the Company reflecting such subscription; and

- (ii) appoint such person(s) nominated by TDEX as director(s) of Idealseed with effect from the date immediately after the completion date, a day falls within fourteen (14) business days after the date the last of the conditions precedent of the Subscription Agreement is satisfied or such other date as the parties may agree in writing, concurrently with the Completion Date under the SSA.
- (c) Idealseed covenants that the Subscription Shares when allotted and issued shall be free from all encumbrances whatsoever and that they shall rank *pari passu* in all respects with the existing issued Idealseed Shares except that they shall not be entitled to any dividends, rights, bonuses, issues or other allotments or distributions which is on or before the date of allotment and issue.
- (d) The parties acknowledge and agree that TDEX shall be entitled to require variation to the number of new Idealseed Shares being allotted and issued to TDEX pursuant to the Subscription Agreement to ensure that the percentage shareholding of the TDEX upon completion of the Subscription and purchase of the shares under the SSA shall be 55% of the then total issued and paid-up share capital of the Company.

3.4.2.3 Profit Guarantee

The profit guarantee granted by the Vendor as appearing in Section 3.4.1.3 of this announcement is similarly granted by the Vendor under and reflected in the Subscription Agreement.

3.4.2.4 Account Receivables as at 30 April 2014

The undertakings and guarantee granted by the Vendor on Accounts Receivables as at 30 April 2014 as appearing in Section 3.4.1.4 of this announcement are similarly granted by the Vendor under and reflected in the Subscription Agreement.

3.4.2.5 Real properties

The obligations to transfer of real properties by the Vendor as appearing in Section 3.4.1.5 of this announcement are similarly provided and reflected in the Subscription Agreement.

3.4.2.6 Right of First Refusal

The right of first refusal granted by the Vendor as appearing in Section 3.4.1.6 of this announcement is similarly provided by the Vendor and reflected in the Subscription Agreement.

3.4.2.7 Termination

In the event that Idealseed and/or the Vendor shall for any reason fail or refuse to complete the subscription of the Subscription Shares under the terms of the Subscription Agreement or to comply with all the obligations or stipulations contained therein, TDEX shall be entitled to, without prejudice to its other rights and remedies including its right to sue for specific performance of the Subscription Agreement upon the terms hereof, terminate this Subscription Agreement and claim an amount equivalent to ten per cent (10%) of the Subscription Price as agreed liquidated damages from the Vendor for breach of contract in accordance with the provisions of this Agreement. In the event the Vendor shall pay the amounts due under this clause within 14 days of termination date, the Vendor shall be liable to pay late payment interest at the rate of 8% per annum calculated from the date the amount is due for payment up to the date the amount is fully paid, which interest shall be paid concurrently with payment of such amount.

TDEX shall always be at liberty, in lieu of claiming for liquidated damages, to claim the remedy of specific performance of the Subscription Agreement against Idealseed and/or the Vendor. In the event that TDEX shall elect to enforce such right, it is mutually agreed that an alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for TDEX's and/or the Vendor's default in the performance of the terms and conditions of this Agreement.

3.5 Basis and Justification in arriving at the Purchase Consideration

The aggregate of Purchase Consideration for the Sales Shares and the Purchase Consideration for the Subscription Shares of RM2,200,000 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration, *inter-alia*, the following:-

- (a) the audited NA of the Idealseed Group for the FYE 31 December 2013 of RM570,327 which represents a price to book ratio of 4.90 times;
- (b) the audited PATMI of the Idealseed Group for the FYE 31 December 2013 of RM248,254 which represents a price to earnings ratio of 11.26 times;
- (c) the Profit Guarantee as set out in Section 3.4.1.3 and 3.4.2.3 of this announcement;
- (d) the synergistic benefits which are expected to be derived from the Proposed Acquisition as disclosed in Section 4.2 of this announcement; and
- (e) the future earnings prospects of the Idealseed Group.

3.6 Source of Funding

The Purchase Consideration for the Sales Shares and the Purchase Consideration for the Subscription Shares will be fully funded via internally-generated funds of the Company.

3.7 Liabilities to be Assumed

Save for the liabilities to be incurred in the ordinary course of business, there are no additional liabilities including contingent liabilities and/or guarantees to be assumed by the TDEX Group arising from the Proposed Acquisition.

3.8 Additional Financial Commitment Required

Apart from the Purchase Consideration for the Sales Shares and the Purchase Consideration for the Subscription Shares, the Company is not expected to incur additional financial commitment required arising from the Proposed Acquisition.

4 RATIONALE FOR THE PROPOSALS

4.1 Proposed Private Placement

The Board, after due consideration of various fund raising methods, is of the view that the Proposed Private Placement is the most appropriate avenue for fund raising as it allows the Company to raise the required funds expeditiously to finance its working capital requirement and/or future investment project(s) without increasing its financial leverage.

Additionally, proceeds to be raised from the Proposed Private Placement will enhance the capital base and liquidity of the Company and henceforth, allows the Company to seek and acquire growth opportunities in future. Save for the Proposed Acquisition, as at the date of this announcement, the Board has not identified any other viable investment project(s) for the TDEX Group to embark on. The Company will make the requisite announcement, where required by the Listing Requirements, once the investment project(s) has/have been identified and confirmed for execution.

As at the date of this announcement, the Company has not identified the strategic investor(s). The Company will make the requisite announcement, where required by the Listing Requirements, once the strategic investors are confirmed.

4.2 Proposed Acquisition

The TDEX Group is primarily involved in the provision of eBusiness solutions such as application development services, technical consulting, training services, carrying out relevant research and development activities and provision of human resource solutions, which are mainly project base in nature.

The Proposed Acquisition provides an avenue for the Group to constantly place its skilled employees specialising in IT-related work to the Idealseed Group to undertake IT-related projects offered by clients of the Idealseed Group in addition to carrying out their services for the TDEX Group.

Hence, the management of TDEX has anticipated potential synergistic values that may be derived from the Proposed Acquisition as the TDEX Group will stand to benefit in terms of an additional revenue stream expected to be contributed via the Idealseed Group through the provision of recruitment services, human resource management services, corporate planning and administration services, sourcing of IT projects and provision of IT-related services.

Premised on the above, the Board is of the opinion that the Proposed Acquisition will allow TDEX to further expand its existing business operation and to increase revenue and earnings of the TDEX Group. Upon completion of the Proposed Acquisition, the Idealseed Group will become a 55%-owned subsidiary of the Company allowing the TDEX Group to consolidate the financial results of the Idealseed Group, which is expected to contribute positively to the financial performance of the TDEX Group.

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Prospects of the Malaysian Economy

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%). Overall, growth was supported by higher exports and continued strength in private domestic demand. Real exports of goods and services grew at a faster pace while growth in real imports of goods and services moderated, resulting in a significant improvement in net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related subsectors. The manufacturing sector expanded at a faster pace underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil. The services sector registered a sustained growth of 6.0% in the second quarter (1Q 2014: 6.6%). The wholesale and retail trade sub-sector recorded a higher growth of 9.1% (1Q 2014: 8.6%), underpinned by an expansion in the wholesale segment, in tandem with higher trade activity. Growth of the transportation and storage sub-sector was sustained (4.6%; 1Q 2014: 4.8%) supported by land transportation and port activity. In the communication sub-sector, growth remained robust (9.8%; 1Q 2014: 10.2%), driven by strong demand for data communication services amid attractive deals offered by telecommunication companies. Growth in the real estate and business services sub-sector remained strong (7.4%; 1Q 2014: 8.6%), underpinned mainly by the business services segment. The finance and insurance subsector registered a marginal growth of 0.6% (1Q 2014: 2.4%) reflecting the lower growth in net interest income and fee-based income.

The manufacturing sector recorded a strong growth of 7.3% in the second quarter (1Q 2014: 6.8%), driven by the strong performance of the electronics and electrical cluster, particularly semiconductors. This was also supported by better performance of the domestic-oriented cluster, particularly the manufactures of transport equipment, and food, beverage and tobacco. Overall capacity utilisation rate in the manufacturing sector was sustained at 78% (1Q 2014: 78%). Export-oriented industries were operating at 79% (1Q 2014: 79%), while capacity utilisation in the domestic-oriented industries rose to 77% (1Q 2014: 75%).

After the exceptionally strong growth in the first quarter, the construction sector recorded a more moderate pace of expansion during the quarter (9.9%; 1Q 2014: 18.9%). Growth was driven mainly by the residential sub-sector, underpinned by the construction activity of high- end properties in Johor and Klang Valley. The non-residential sub-sector remained supported by construction activity related to offices and retail buildings, factories and institutions of higher learning. Meanwhile, growth in the civil engineering sub-sector was supported by rail and utility projects such as the MRT, LRT extension, and Tanjung Bin power plant.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2014, Quarterly Bulletin, Bank Negara Malaysia)

5.2 Overview of the IT Industry in Malaysia

IT spending in Malaysia is expected to grow 11% this year (2014) and is expected to reach RM67.9 billion, according to Gartner's Worldwide IT Spending Forecast. Meanwhile, the research company predicts that IT spending in the Asia Pacific region will be up by 3% to become US\$746billion (RM2.377 trillion) in 2014. Globally, a 2.1% increase is expected for IT spending, leading up to a total of US\$3.7trillion (RM11.79trillion).

(Source: THE STAR ONLINE, Growth predicted for Malaysian IT spending in 2014, 7 July 2014)

5.3 Prospects of the Idealseed Group

The TDEX Group is principally engaged in the business of investment holding and provision of eBusiness solutions such as application development services, technical consulting, training services, carrying out relevant research and development activities, provision of human resource solutions and other related products. TDEX continues to play a role as an application developer (hardware and software installation and maintenance) in the technology upgrade and application revamp of the Property Information System Malaysia ("PRISM"), a system that gives timely, comprehensive and accurate information to government agencies and property developers on the demand and supply including activities and transactions of properties in the country. The PRISM system is the propriety of the National Property Information centre, a centre under the purview of the Valuation and Property Services Department (also known as JPPH) of the Ministry of Finance Malaysia.

As elaborated earlier, the Proposed Acquisition is expected to enhance the revenue and earnings base of the TDEX Group and is expected to contribute to the its future development and growth in view of the anticipated synergistic benefits and revenue income from the Idealseed Group. Upon completion of the Proposed Acquisition, Idealseed will become a 55%-owned subsidiary of TDEX, allowing the Company to consolidate the financial results of the Idealseed Group, which is expected to contribute positively to the financial performance of the TDEX Group.

Additionally, as elaborated in Section 4.1 of this announcement, the Malaysian economy continues to remain favourable which in turn is expected to contribute positively to the prospects of the Idealseed Group due to the anticipation of higher employment needs riding on the strengths of economy expansion.

(Source: Management of TDEX)

6. RISK FACTORS

The Proposed Acquisition is subject to certain risk inherent in the IT industry, which include but are not limited to, shortages of skilled labours, reliance on technology and protection of intellectual property and dependency on key personnel.

Apart from the risk inherent in the IT industry, the successful completion of the Proposed Acquisition is subject to, *inter-alia*, the fulfilment of the condition precedents and terms and conditions set out in the SSA and Subscription Agreement. In the event of non-fulfilment of any conditions precedent, it may result in the SSA and Subscription Agreement being terminated and TDEX may not be able to enjoy the resultant benefits from the Proposed Acquisition. The Company will take all reasonable steps to ensure that the said conditions precedent and terms and conditions are met to facilitate the Proposed Acquisition.

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

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share Capital

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of the Company as the Proposed Acquisition does not involve issuance of new shares in the Company.

The expected effects of the Proposed Private Placement on the share capital of the Company set out hereunder for illustration purpose only based on the following scenarios:-

Minimum Scenario : Assuming none of the Outstanding Warrants are exercised into new TDEX Shares prior to the completion of the Proposed Private Placement.

Maximum Scenario : Assuming all the Outstanding Warrants are exercised into new TDEX Shares prior to the completion of the Proposed Private Placement.

The proforma effect of the Proposed Private Placement on the issued and paid-up share capital of TDEX as at LPD is 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	340,785,400	34,078,540	340,785,400	34,078,540
To be issued pursuant to the full exercise of Warrants	-	-	85,196,350	8,519,635
	340,785,400	34,078,540	425,981,750	42,598,175
To be issued pursuant to the Proposed Private Placement	34,078,500	3,407,850	42,598,100	4,259,810
Enlarged issued and paid-up share capital	374,863,900	37,486,390	468,579,850	46,857,985

7.2 Substantial Shareholders' Shareholding in TDEX

The Proposed Acquisition will not have any effect on the substantial shareholdings in TDEX as the Proposed Acquisition does not involve issuance of new shares in the Company.

The proforma effect of the Proposed Private Placement on the substantial shareholders' shareholdings in TDEX as at the LPD is set out below:-

(a) Minimum Scenario

Substantial Shareholders	As at the LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of TDEX Shares	%	No. of TDEX Shares	%	No. of TDEX Shares	%	No. of TDEX Shares	%
Tan Boon Wooi	32,500,000	9.54	-	-	32,500,000	8.67	-	-
Tan Sze Chong	24,029,066	7.05	66,666	*0.02	24,029,066	6.41	66,666	*0.02
Low Fui Teck	23,990,632	7.04	-	-	23,990,632	6.40	-	-
Kerk Han Meng	21,497,686	6.31	-	-	21,497,686	5.73	-	-
Heng Ling Jy	66,666	0.02	24,029,066	*7.05	66,666	0.02	24,029,066	*6.41

(b) Maximum Scenario

Substantial Shareholders	As at the LPD				After Full Exercise of Outstanding Warrants				After Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of TDEX Shares	%	No. of TDEX Shares	%	No. of TDEX Shares	%	No. of TDEX Shares	%	No. of TDEX Shares	%	No. of TDEX Shares	%
Tan Boon Wooi	32,500,000	9.54	-	-	32,500,000	7.63	-	-	32,500,000	6.94	-	-
Tan Sze Chong	24,029,066	7.05	66,666	*0.02	30,036,332	7.05	83,332	*0.02	30,036,332	6.41	83,332	0.02
Low Fui Teck	23,990,632	7.04	-	-	23,990,632	5.63	-	-	23,990,632	5.12	-	-
Kerk Han Meng	21,497,686	6.31	-	-	28,476,622	6.68	-	-	28,476,622	6.08	-	-
Heng Ling Jy	66,666	0.02	24,029,066	*7.05	83,332	0.02	30,036,332	*7.05	83,332	0.02	30,036,332	6.41

Note:-

* Deemed interested by virtue of his/her spouse's interest in TDEX.

7.3 Earnings and EPS

The Proposed Private Placement is not expected to have any material effect on the consolidated earnings of the TDEX Group for the financial year ending 30 April 2015. However, the Placement Shares may dilute the Group's loss per share ("**LPS**")/ EPS (as the case may be) in the future due to additional TDEX Shares in issue. Nevertheless, the proceeds to be raised from the Proposed Private Placement to be utilised for working capital/future investment purposes are expected to contribute positively to the future earnings of the TDEX Group.

The Proposed Acquisition is not expected to have an immediate material effect on the earnings and LPS of the TDEX Group for the financial year ending 30 April 2015. Nevertheless, the Proposed Acquisition is expected to improve the earnings of the TDEX Group for the ensuing financial years.

7.4 NA and Gearing

Based on the audited consolidated financial statements of the TDEX Group for the FYE 30 April 2014, the proforma effects of the Proposals on the audited NA and gearing of the TDEX Group based on the assumption that the Proposals had been effected as at that date are as follows:-

(a) Minimum Scenario

Group Level	Audited as at 30.04.2014 RM'000	Proforma I (a) After Proposed Private Placement RM'000	Proforma II After Proforma II and Proposed Acquisition RM'000
Share capital	34,078	37,486	37,486
Share premium	695	4,103	4,103
Foreign exchange translation reserve	675	675	675
Accumulated losses	(14,290)	^(b) (14,640)	^(b) (14,640)
NA	21,158	27,624	27,624
Par value (RM)	0.10	0.10	0.10
No. of TDEX Shares in issue ('000)	340,785	374,864	374,864
NA per share (RM)	0.06	0.07	0.07
Total borrowings (RM'000)	2,982	2,982	2,982
Gearing ratio (times)	0.14	0.11	0.11

(b) Maximum Scenario

Group Level	Audited as at 30.04.2014 RM'000	Proforma I (c) After Full Exercise of Outstanding Warrants RM'000	Proforma II (a) After Proforma I and Proposed Private Placement RM'000	Proforma III After Proforma II and Proposed Acquisition RM'000
Share capital	34,078	42,598	46,858	46,858
Share premium ^(a)	695	1,547	^(a) 5,807	^(a) 5,807
Foreign exchange translation reserve	675	675	675	675
Accumulated losses	(14,290)	(14,290)	^(b) (14,640)	(14,640)
NA	21,158	30,530	38,700	38,700
Par value (RM)	0.10	0.10	0.10	0.10
No. of TDEX Shares in issue ('000)	340,785	425,982	468,580	468,580
NA per share (RM)	0.06	0.07	0.08	0.08
Total borrowings (RM'000)	2,982	2,982	2,982	2,982
Gearing ratio (times)	0.14	0.10	0.08	0.08

Notes:-

- (a) *Assuming that the Placement Shares are issued at the indicative issue price of RM0.20 per TDEX Share.*
- (b) *After deducting estimated expenses of RM350,000 in relation to the Proposals.*
- (c) *Assuming all Outstanding Warrants are exercised into new TDEX Shares at the exercise price of RM0.11 per warrant.*

7.5 Convertible Securities

As at the date of this announcement, save for the Outstanding Warrants, the Company does not have any other convertible securities. The Proposed Private Placement will not give rise to any adjustments to the exercise price and number of Outstanding Warrants.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

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

9. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02 (g) of the Listing Requirements is 10.40%.

10. APPROVALS REQUIRED

The Proposed Private Placement is conditional upon the approvals and/or consents to be obtained from the following:-

- (a) Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities; and
- (b) any other relevant authorities/parties, if required.

Approval from the shareholders of TDEX for the Directors to allot and issue new TDEX Shares not exceeding ten percent (10%) of the issued and paid-up share capital of TDEX for the time being until the conclusion of the next AGM, in accordance with Section 132D of the Act ("**General Mandate**") was obtained at the Company's 9th Annual General Meeting ("**AGM**") held on 28 October 2013. However, the current General Mandate will expire at the forthcoming 10th AGM of the Company to be held on 28 October 2014 ("**10th AGM**").

Hence, the application to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities will be submitted after the 10th AGM of TDEX after obtaining shareholders' approval for renewal of the General Mandate.

The Proposed Acquisition is not subject to the shareholders' approval of TDEX and/or any other relevant authorities/parties.

The Proposals are not inter-conditional upon one another. The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

11. DIRECTORS' RECOMMENDATION

The Board, after due consideration of the rationale, financial position of the TDEX Group as at 30 April 2014 and the relevant aspects in relation to the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company.

The Board, after due consideration of the rationale, historical financial performance of the TDEX Group for the latest three (3) FYE and the relevant aspects in relation to the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interests of the Company and the terms and conditions of the SSA and Subscription Agreement are fair and reasonable.

12. ADVISER

TA Securities has been appointed by the Board to act as the Adviser for the Proposals and the placement agent for the Proposed Private Placement.

13. APPLICATION TO THE RELEVANT AUTHORITIES

Application to Bursa Securities for the listing of and quotation for the Placement Shares is expected to be submitted within one (1) month from the date of this announcement.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed in the first quarter of 2015.

15. DOCUMENTS FOR INSPECTION

The SSA and Subscription Agreement are 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 business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 17 October 2014.