

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

PROPOSED RATIFICATION IN RESPECT OF THE VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT EXERCISE (WHICH WAS COMPLETED ON 4 JULY 2016) (“PROPOSED RATIFICATION”)

1. INTRODUCTION

On 4 July 2016, TDEX had completed the private placement of 37,539,390 new ordinary shares in TDEX (“**Private Placement**”) with total proceeds raised of RM3.94 million.

In the announcements dated 4 February 2016 and 12 February 2016 pursuant to the Private Placement, the Board had indicated that it proposed to allocate RM1.554 million out of the total proceeds for its business development expenditure and that it was in the midst of identifying additional businesses to acquire which are operating within the same industry and shall be related to the field of IT Security and data-related and were expected to be complementary to the existing operations of TDEX.

On 13 April 2016, the Company had announced additional information that the Company had identified businesses to acquire, which the said businesses were operating in the area of application solutions for ISO Compliance and Certifications and new products and services for the data and cyber security services segments. TDEX was in the midst of negotiating the terms of the transactions. However, after having negotiated with the vendors of the potential target company, the transaction did not proceed as both parties were unable to agree on the right pricing.

While TDEX continued to source for a new company/business to acquire, the Company had also in early year 2016 identified business opportunities in the market to develop products in data related services i.e to develop data content related portal platforms and new technology framework for its future software/programmes. Hence, the Company had utilised the proceeds by undertaking the development of the aforesaid products as part of its business development plans as there were no new suitable companies/business to acquire.

Arising from the above, the Company wishes to announce that it proposes to seek ratification from its shareholders in respect of the variation to the utilisation of proceeds raised from the Private Placement, of which further details are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED RATIFICATION

The status of the utilisation of proceeds for the Private Placement as at 1 June 2017 (being the last practicable date (“LPD”) prior to this announcement) is as follows: -

Particulars	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Proceeds RM'000	Timeframe for Utilisation of Proceeds
Working Capital	2,271	(1,598)	673	Within twelve (12) months from completion date
Business development expenditure	1,554	⁽¹⁾ (1,554)	-	
Expenses in relation to the Private Placement	117	(117)	-	Upon completion
Total	3,942	(3,269)	673	

Note: -

1. The proceeds of RM1.554 million arising from the Private Placement which was allocated for business development expenditure were meant to be utilised in new business ventures, where the business to be acquired were intended to be operating in the same industry with the Company and shall be related to the field of IT Security and data-related (which are complementary to the existing operations of TDEX). However, the proceeds have been subsequently utilised in the following manner: -

No.	Particulars	RM'000
a.	Development of data content related portal platforms	1,237
b.	Development of new technology framework for future software/programmes	317
	Total	1,554

(The utilisation of proceeds amounting to RM1.554 million for the development of data content related portal platforms and development of new technology framework for future software/programmes is collectively known as, the “Variation”.)

In this regard, pursuant to Paragraph 8.24 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company wishes to seek the approval of its shareholders for the Proposed Ratification of the Variation, at the forthcoming general meeting to be held in due course.

3. RATIONALE FOR THE PROPOSED RATIFICATION

The Proposed Ratification is undertaken to seek the approval of the shareholders for the variation in the utilisation of proceeds of RM1.554 million arising from the Private Placement which was initially earmarked for the TDEX group’s business development expenditure (which was meant to be utilised in new business ventures). However, the Company had subsequently utilised the aforesaid proceeds in the area of development of data content related portal platforms and new technology framework for TDEX’s future software/programmes as an expansion of its products and services.

The data content related portal platforms is a specially designed e-commerce platform that is developed based on an intended purpose such as a portal managing information on human resource information, property information and medical records (specifically for food and beverages organisations). The new technology framework for TDEX’s future software/programmes is a framework which provides a standard way to build and deploy applications which can combine different support programmes to enable the development of a project or system. The investments into such products are expected to allow the Company to improve the availability of the products and services to its customers and are expected to improve the bottomline of the Group.

4. EFFECTS OF THE PROPOSED RATIFICATION

The Proposed Ratification will not have any effect on the issued and paid-up share capital of TDEX, shareholdings of the substantial shareholders of TDEX as well as the earnings, net assets per share and gearing of the TDEX Group for the financial year ending 30 April 2018.

Save for the 84,666,350 warrants as at the LPD with an exercise price of RM0.11 which was issued on 23 September 2013 and expiring on 22 September 2018 ("**Existing Warrants**"), the Company does not have any other convertible securities. The Proposed Ratification will not give rise to any adjustments to the number and exercise price of the Existing Warrants.

5. APPROVALS REQUIRED

The Proposed Ratification is subject to the following approvals being obtained: -

- (i) the shareholders of the Company at an extraordinary general meeting ("**EGM**") to be convened; and
- (ii) the approvals of any other relevant authorities/parties, if required.

The Proposed Ratification 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 WITH THEM

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

7. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Ratification, is of the opinion that the Proposed Ratification is in the best interest of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Ratification is expected to be completed by the third quarter of 2017.

This announcement is dated 2 June 2017.