

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

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF TDEX (“PROPOSED PRIVATE PLACEMENT”)

1. INTRODUCTION

On behalf of the Board of Directors of TDEX (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company is proposing to undertake a 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.

Please refer to the ensuing sections of this announcement for further details pertaining to the Proposed Private Placement.

2. PROPOSED PRIVATE PLACEMENT

2.1 Details of the Proposed Private Placement

As at 28 January 2016, being the latest practicable date prior to this announcement (“**LPD**”), the issued and paid-up share capital of TDEX is RM37,539,390 comprising 375,393,900 ordinary shares of RM0.10 each in TDEX (“**TDEX Shares**”).

In addition, the Company has 84,666,350 outstanding warrants which were issued on 23 September 2013 and expiring on 22 September 2018 (“**Outstanding Warrants**”).

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Section 132D of the Companies Act, 1965 (“**Act**”) approved by the shareholders of TDEX at the annual general meeting convened on 30 October 2015.

2.2 Placement Arrangement

TDEX proposes to place the new shares to be issued pursuant to the Proposed Private Placement (“**Placement Shares**”) to third party investor(s) (“**Placees**”) to be identified later where such 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. Based on Paragraph 6.05 (c) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), 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**”); or
- (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 one (1) or multiple tranches within six (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, 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.

2.3 Pricing Methodology

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 be priced at a discount of not more than ten percent (10%) to the five (5)-day volume-weighted average market price (“**VWAMP**”) 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 3 February 2016 (being the last market day immediately preceding the date of this announcement) is RM0.11.

2.4 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.

2.5 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then 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.

2.6 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).

For illustrative purposes only, assuming an indicative issue price of RM0.10 per Placement Share which represents a discount of approximately 9.09% to the five (5)-day VWAP of TDEX Shares up to and including 3 February 2016 (being the last market day immediately preceding the date of this announcement) of RM0.11, the Proposed Private Placement is expected to raise gross proceeds of RM3.75 million and RM3.99 million based on the minimum and maximum scenarios (as defined in Section 6.1) respectively 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 ^(a)	Within 12 months	2,000	2,000
Business development ^(b)	Within 12 months	1,554	1,794
Estimated expenses relating to the Proposed Private Placement ^(c)	Upon completion	200	200
Total		3,754	3,994

Notes:-

(a) *The working capital is proposed to be utilised as follows:-*

	<i>RM'000</i>
<i>Staff related cost</i>	<i>1,450</i>
<i>Sales, promotional and marketing expenses</i>	<i>300</i>
<i>General and administrative expenses</i>	<i>250</i>
<i>Total</i>	<u><u><i>2,000</i></u></u>

(b) *As part of the Company's business development plan, the Company is in the midst of identifying additional businesses to acquire. The Company will make the requisite announcements once the details of the transaction have been identified and confirmed. Any shortfall in the funds required for its business development plans will be financed through bank borrowings and/or internal generated funds.*

(c) *The estimated expenses include professional fees, fees payable to authorities, placement commission, and other miscellaneous expenses to be incurred in relation to the Proposed Private Placement. Any shortfall or excess in the funds allocated for estimated expenses will be funded from or used for working capital purposes.*

Any variation in the actual proceeds raised will be adjusted to or from the amount earmarked for working capital purposes. 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).

5. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will enable TDEX and its subsidiaries ("**TDEX Group**") to raise funds required to finance its working capital requirements, fund its business development plans and increase the share capital of the Company.

The Board, after due consideration of the various methods of fund raising, is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising, based on the following:-

- (i) allows TDEX to raise funds expeditiously and cost effectively from the capital market as opposed to other forms of fund raising;
- (ii) enables TDEX to raise additional funds without incurring interest costs; and
- (iii) increases the size and strength of TDEX's shareholders' funds and potentially increasing the liquidity of TDEX Shares.

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6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Share Capital

The effects of the Proposed Private Placement on the share capital of the Company are 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 effects of the Proposed Private Placement on the issued and paid-up share capital of TDEX as at the LPD are 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	375,393,900	37,539,390	375,393,900	37,539,390
Assuming full exercise of the Outstanding Warrants	-	-	84,666,350	8,466,635
	375,393,900	37,539,390	460,060,250	46,006,025
To be issued pursuant to the Proposed Private Placement	37,539,390	3,753,939	39,939,750*	3,993,975
Enlarged issued and paid-up share capital	412,933,290	41,293,329	500,000,000	50,000,000

Note:-

* Does not represent ten percent (10%) of the issued and paid-up capital of TDEX as the current authorised share capital of the Company stood at RM50,000,000. The Company will ensure that the number of shares to be issued pursuant to the Proposed Private Placement will not breach the authorised share capital of the Company.

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6.2 Substantial Shareholders' Shareholding in TDEX

The proforma effects of the Proposed Private Placement on the substantial shareholders' shareholdings in TDEX as at the LPD are 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	%
Kerk Han Meng	31,731,086	8.45	-	-	31,731,086	7.68	-	-
Tan Sze Chong	24,029,066	6.40	66,666	*0.02	24,029,066	5.82	66,666	*0.02
Tan Boon Wooi	22,500,000	5.99	-	-	22,500,000	5.45	-	-
Heng Ling Jy	66,666	0.02	24,029,066	*6.40	66,666	0.02	24,029,066	*5.82

(b) Maximum Scenario

Substantial Shareholders	As at the LPD				(i) Assuming full exercise of the Outstanding Warrants				(ii) After (i) and the 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	%
Kerk Han Meng	31,731,086	8.45	-	-	31,731,086	6.90	-	-	31,731,086	6.35	-	-
Tan Sze Chong	24,029,066	6.40	66,666	*0.02	24,029,066	5.22	83,332	*0.02	24,029,066	4.81	83,332	*0.02
Tan Boon Wooi	22,500,000	5.99	-	-	22,500,000	4.89	-	-	22,500,000	4.50	-	-
Heng Ling Jy	66,666	0.02	24,029,066	*6.40	83,332	0.02	24,029,066	*5.22	83,332	0.02	24,029,066	*4.81

Note:-

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

6.3 Earnings and Earnings Per Share (“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 2016. However, the Placement Shares may dilute the Group’s EPS 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/business development purposes are expected to contribute positively to the future earnings of the TDEX Group.

6.4 Net Assets (“NA”) and Gearing

Based on the audited consolidated financial statements of the TDEX Group for the financial year ended 30 April 2015, the proforma effects of the Proposed Private Placement on the audited NA and gearing of the TDEX Group based on the assumption that the Proposed Private Placement had been effected as at that date are as follows:-

(a) Minimum Scenario

Group Level	Audited as at 30.04.2015 RM'000	After the Proposed Private Placement RM'000
Share capital	37,539	41,293
Share premium	1,853	^(a) 1,853
Foreign exchange translation reserve	675	675
Accumulated losses	(14,541)	^(b) (14,741)
NA	25,526	29,080
No. of TDEX Shares in issue ('000)	375,394	412,933
NA per share (RM)	0.07	0.07
Total borrowings (RM'000)	865	865
Gearing ratio (times)	0.03	0.03

(b) Maximum Scenario

Group Level	Audited as at 30.04.2015 RM'000	⁽ⁱ⁾ Assuming full exercise of the Outstanding Warrants RM'000	⁽ⁱⁱ⁾ After (i) and the Proposed Private Placement RM'000
Share capital	37,539	46,006	50,000
Share premium	1,853	1,853	1,853
Foreign exchange translation reserve	675	675	675
Accumulated losses	(14,541)	(14,541)	^(b) (14,741)
NA	25,526	33,993	37,787
No. of TDEX Shares in issue ('000)	375,394	460,060	500,000
NA per share (RM)	0.07	0.07	0.08
Total borrowings (RM'000)	865	865	865
Gearing ratio (times)	0.03	0.03	0.02

Notes:-

- (a) Assuming issue price of the Placement Shares are at RM0.10 per new TDEX Share.
- (b) After deducting estimated expenses of RM200,000 in relation to the Proposed Private Placement.
- (c) Assuming all Outstanding Warrants are exercised into new TDEX Shares at the exercise price of RM0.10 per warrant.

6.5 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.

7. 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 Proposed Private Placement.

8. 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.

9. DIRECTORS' RECOMMENDATION

The Board, after due consideration of the rationale, financial position of the TDEX Group as at 30 April 2015 and the relevant aspects in relation to the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

10. ADVISER AND PLACEMENT AGENT

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

11. 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 two (2) months from the date of this announcement.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Private Placement is expected to be completed in the second quarter of 2016.

This announcement is dated 4 February 2016.