



TECHNODEX BHD.

200301025214 (627634-A)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE SEVENTEENTH ANNUAL GENERAL MEETING OF TECHNODEX BHD. (“TDEX” OR “THE COMPANY”) HELD ON WEDNESDAY, 15 DECEMBER 2021 AT 11:00 A.M.

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

Operational & Financial Matters (“O&F”)

Q1. The Group will anchor more IT contracts tenders to secure more IT contracts from the government agencies and private sector. This initiative will enable the Group to capture the government’s digital transformation policies and tap into new opportunities for growth (page 11 of Annual Report 2021 (“AR2021”).

- (a) To-date, what is the total value of tenders submitted and expected to be submitted for IT contracts, for financial year ending 2022? What is the percentage of tenders submitted between the government agencies and private sector?**
- (b) What are the new opportunities available to grow the Group’s revenue?**

A1.

- (a) In Malaysia, the government represents one of the biggest ICT spenders. And in light of the recent launch of MyDigital initiative for MP-12, it will drive more investments in the ICT segment for the next 5 years, not only the government but from the private sector as well.**

To-date, the estimated value of tenders participated is approximately RM650 Million, which is 100% coming from the government sector. While the private sector is normally through quotation and/or proposal, and the estimated market potential is modestly attractive.

In the recovery stage of the pandemic, businesses have evolved to new practices in conducting business. Technology becomes the key enabler to facilitate this new conduct. Many revolutionary changes will take place in the market particularly in terms of the usage of technology and thus provide us some opportunities in the following areas: -

- More investment and prioritisation of technology in most of the organisation;
- Technology modernization investment in most of the organisation;
- Increase in use of automation to improve the customer experience and build more contactless services;
- Increase investment in cyber security; and

- Continuous digital transformation during and after the pandemic.

In short, the Group sees tremendous growth in the areas of Cyber Security, Block chain, Artificial Intelligence and Big Data applications, and the Group has formulated the necessary strategies and business plans to take advantage of the raising opportunities.

Q2. Incorporation of subsidiaries:

- (i) On 10 December 2020, the Company incorporated a wholly-owned subsidiary, **Mydata Advisory Sdn. Bhd. ("MASB")** and subsequently reduced its equity interest to 51% (Note 8(c), page 91 of AR2021).
- (ii) On 2 February 2021, the Group incorporated a wholly-owned subsidiary, **T5 Advance Venture Sdn. Bhd. ("T5")** (Note 8(c), page 91 of AR2021).
- (iii) On 25 August 2021, the Group incorporated a partially-owned subsidiary **Technodex Accubits Sdn. Bhd.**, representing 51% controlling interest. (Note 34(b), page 116 of AR2021).

What are the Group's plans for these newly incorporated subsidiaries?

- A2.** The Group is constantly looking out for opportunities to diversify in higher growth business segments as the Group growth strategy. The Group plans to achieve this objective through strategic collaboration with partners and/or principals with the domain knowledge and know-how.

Thus, the new subsidiaries have been incorporated with intended business activities as follows:-

- (i) The formation of **MyData Advisory Sdn. Bhd.** is to make headway towards offering credit data management solutions in Malaysia and Southeast Asia region.
- (ii) The incorporation of **T5 Advance Venture Sdn. Bhd.** is preparing the Group to make entry into environmental technologies, such as solar, waste management, and the like, which is in line with the Group's vision to branch out into more segments of technological investment portfolio.
- (iii) **Technodex Accubits Sdn. Bhd.** is a joint venture company with Accubits Technologies Private Limited from the US. The joint venture (JV) is to support blockchain enablement, projects and Government Digital Transformation initiatives. The JV is also intended to take advantage of the growing trend in tokenization of assets (such as real estate, carbon credits, and the like) in addition to the regional 4IR movements.

Q3. Revenue based on the geographical location of the Group's customers (Note 32.2, page 110 of AR2021):

- (a) Revenue contribution from customers in Hong Kong increased significantly to RM22.9 million (2020: RM13.1 million). What is the reason for the huge increase? What is the expected demand from Hong Kong customers for the Group's products and services, going forward?
- (b) Revenue contribution from customers in Indonesia were zero (2020: RM1.6 million). Why was there zero revenue contribution from Indonesia?
- (c) Revenue contribution from customers in Singapore decreased to RM0.7 million (2020: RM4.0 million). What is the reason for the significant decrease? Does the Group expect revenue contribution from Singapore to improve going forward?

A3. The explanation below makes reference to the following extracts from AR2021.

Reference to Note 32.2, page 110 of AR2021:

Geographical information

Sales to external customers disclosed in geographical segments are based on the geographical location of our customers.

	Group		Variance	
	2021 RM	2020 RM	RM	%
Revenue				
Continuing operation:				
Malaysia	34,438,514	33,142,805		
Oversea customers:				
Hong Kong	22,869,581	13,098,687	9,770,894	
Indonesia	-	1,642,025	(1,642,025)	
Singapore	708,915	4,026,953	(3,318,038)	
Others	796,245	1,309,561	(513,316)	
Total oversea customers	24,374,741	20,077,226	4,297,515	21%
Discontinued operation	544,857	2,012,605		
Total revenue	59,358,112	55,232,636		

Despite this challenging time, the order flow from our overseas customers increased from RM 20.0 Million in FYE Jun 2020 to RM 24.3 Million, representing an increase of RM 4.29 Million or 21%. However, the demand did vary from country-to-country that attributed from local demands and regional logistic restrictions due to COVID-19.

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Summary of Key Matters discussed at the 17th Annual General Meeting of the Company held on Wednesday, 15 December 2021.....cont'd

The following elaborates situation in the respective countries that the Group exported to.

- a) **Hong Kong.** Revenue from this area increased significantly in the financial year ended Jun 2021 ("FYE 2021"). The regional shortage of chipsets and productions in IT products has created increased demand from Hong Kong, as such the Group shifted most of the inventory to fulfil this market. Going forward, the Group expects the sales from Hong Kong to remain at the same level as FYE 2021.
- b) **Indonesia.** Revenue contribution from Indonesia were zero (2020: RM1.6 million) mainly due to the country has been severely impacted by the COVID-19 pandemic. Severe interruptions in its sales collections and cash flow, as such the Group evaded temporarily from fulfilling orders from Indonesia.
- c) **Singapore.** Revenue from this country reduced in FYE 2021 due to restrictions in import regulations into Singapore. The Group foresees that orders will restore once the COVID-19 situation is stabilized.