

GENERAL ANNOUNCEMENT
QUERY REFERENCE NO: IQL-26012022-00001

TECHNA-X BERHAD ("TECHNAX" or "Company")

- **LOAN AGREEMENT ENTERED INTO BETWEEN TECHNAX AND ADVANCE OPPORTUNITIES FUND**
 - **PROPOSED VARIATION OF THE PAYMENT SCHEDULE FOR THE REMAINING PURCHASE CONSIDERATION TO THE VENDORS OF TOUCHPOINT INTERNATIONAL SDN BHD AND WAVETREE PLT**
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(The definitions used in this announcement shall have the same meanings as those used in the announcement dated 24 January 2022 unless stated otherwise.)

We refer to the announcement made on 24 January 2022 and the letter dated 26 January 2022 from Bursa Malaysia Securities Berhad ("**Bursa Securities**") requesting additional information pertaining to the above subject matter.

Pursuant thereof, the Company is pleased to respond to the queries and provide further clarification, as the case may be, as below:-

(a) Name of the director(s) and ultimate major shareholder(s) of the manager of Advance Opportunities Fund ("Lender").

Directors

1. Tan Choon Wee
2. Lin Kuan Liang Nicolas

Shareholder

1. Tan Choon Wee

(b) The assets owned by PIPO Overseas Limited ("PIPO") and net assets of PIPO.

PIPO is the registered beneficial owner of the entire issued and fully paid-up capital of LINYI YEHUA COKING CO LTD (臨沂燁華焦化有限公司) (Republic of China Business License No.: 101233) ("**LYCCL**"), a limited liability company incorporated in the Republic of China. PIPO has a net liability of HKD594 million as of 30 September 2021.

(c) Details of "Share of Revenue".

The Lender's solicitor has clarified that the word "Share of Revenue" mentioned under the "Terms" definition was an inadvertent typographical error and had no relevance whatsoever in this Agreement as the said word was not mentioned (or references made to it) anywhere else in the content of the Agreement. Accordingly, the word should and will be deleted.

TECHNAX wishes to extend its sincere apologies to Bursa for this faux pas.

(d) Details of Section 10.02 of the Loan Agreement.

SECTION 10.02: RIGHT OF LENDER ON BORROWER'S DEFAULT

If the Borrower or the Obligor shall commit a default pursuant to the terms herein or under any of the Security Documents or if any of the events stipulated in Section 10.01 hereof shall happen and which is capable of remedy is not remedied within

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a period of seven (7) days from the date of notice by the Lender requesting remedy of the same, or is not remedied within the time specifically stipulated therefor (if any) in respect of the event in question, the Loan, interest thereon and all other sums payable under this Agreement shall become and be deemed to be, notwithstanding anything contained herein to the contrary, forthwith due and payable and whereupon the Lender shall be entitled forthwith to take such action as may be appropriate against the Borrower and/or the Obligor, including action to enforce the Security Documents.

Without prejudice to the right of the Lender as stated in this section 10.02 above, if any of the events stipulated in Section 10.01 hereof shall happen and which is capable of remedy is not remedied within a period of seven (7) days from the date of notice by the Lender requesting remedy of the same, or is not remedied within the time specifically stipulated therefor (if any) in respect of the event in question, the Loan shall become due and immediately repayable on demand notwithstanding anything contained herein to the contrary.

Further or in the alternative, the Lender shall at its own discretion, be at liberty to set off the Loan and all accruing interest against the subscription price of the Redeemable Convertible Notes. For the avoidance of doubt, in the event of any outstanding amount due from the Borrower to the Lender after such set-off, shall remain due and immediately repayable on demand notwithstanding anything contained herein to the contrary.

(e) To define "Security Documents".

Security Document is defined as the Memorandum of Deposit, the duly executed Share Transfer Form, the original Share Certificate and such other security documents as may be required by the Lender.

(f) Rights of the Lender on the Security upon an Event of Default.

Such rights are covered under Section 10.02 of the Loan Agreement (as detailed in (d) above).

(g) To clarify item 4.5(w) including the rationale for such term and the current status of the Share Purchase Agreement dated 11 November 2020 entered into between TECHNAX and Hua Fei Investment Limited.

An event of default will be triggered if the Share Purchase Agreement dated 11 November 2020 entered into between the Borrower and Hua Fei Investment Limited is terminated for any reason whatsoever. This particular event of default was insisted by the Lender as it serves as a safeguard measure to the Lender to ensure its recoverability of the loan against the purchase consideration to be paid by Hua Fei Investment Limited (the prospective purchaser of PIPO).

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- (h) Financial performance of Touchpoint International Sdn. Bhd. and Wavetree PLT for the last 2 years and latest quarter.**

As attached.

- (i) Expected sources of funds for the payment of the remaining purchase consideration of RM30.26 million to the vendors of Touchpoint International Sdn Bhd and Wavetree PLT.**

The source of funds for the payment of the remaining purchase consideration of RM30.26 million to the vendors of Touchpoint International Sdn Bhd and Wavetree PLT is expected to be generated from TECHNAX Group's business operations and/or external borrowings, if necessary.

- (j) Expected sources of funds for the repayment of the Loan.**

The expected source of funds for the loan repayment is from the purchase consideration paid by Hua Fei Investment Limited and/or internally generated funds.

- (k) The impact to TECHNAX and its interests in PIPO in the event the Company failed to repay the Loan or an Event of Default is triggered. To also state whether such event will result in the Lender taking possession of TECHNAX's entire shares held in PIPO, and whether TECHNAX will trigger Paragraph 8.03A of the Main Market Listing Requirements or becoming a Practice Note 17 Issuer.**

In the event the Company fails to repay the Loan (either on the maturity of the Loan or an Event of Default is triggered) and no extension of time is granted therefrom, the Lender shall be entitled forthwith to take such action as may be appropriate against TECHNAX, including action to enforce on the Security, i.e., TECHNAX's entire interest in PIPO.

Should the Lender take possession of PIPO under the abovementioned circumstances, TECHNAX will not trigger Para 8.03A of the Main Market Listing Requirements or become a Practice Note 17 Issuer, given the fact that TECHNAX Group's existing digital technology and technology-driven Food and Beverage ("**F&B**") businesses are profitable, sustainable and contributing sufficient level of operations to support the listing status of TECHNAX. For all intents and purposes, the digital technology and technology-driven F&B businesses have collectively contributed approximately RM35.3 million of Revenue and RM6.8 million of Profit, based on a 9-month period ended 30 September 2021.

This announcement is dated 27 January 2022.