

**Techna-X Berhad (“TXB” or “the Company”)  
Joint Venture Agreement for the purpose of collaborating on projects and solutions involving cybersecurity and Artificial Intelligence (“AI”) integration opportunities**

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**1. INTRODUCTION**

The Board of Directors of TXB wishes to announce that the Company had on 17 January 2024 entered into a Joint Venture Agreement with Netsec Sdn. Bhd. (“**Netsec**”) to subscribe for 51% of the equity interest in Netsec, for the purpose of collaborating on projects and solutions involving cybersecurity and AI integration opportunities.

Further details of the Joint Venture Agreement are set out in the ensuing sections of this announcement.

(TXB and Netsec are collectively referred to as the “**Parties**”).

**2. DETAILS OF THE PARTY TO THE JOINT VENTURE AGREEMENT**

**2.1 Netsec**

Netsec is a private limited company incorporated in Malaysia with its business address at No. 3A, Jalan Saujana Indah 4, Taman Industri Saujana Indah, 40150 Shah Alam, Selangor. Netsec is principally engaged in Information Communication Technology (ICT) System Security.

As of the date of this announcement, the Director and shareholder of Netsec and his shareholdings are as follows: -

<b>Name of Director and Shareholder</b>	<b>No. of Ordinary Shares</b>	<b>Shareholdings %</b>
Azman Bin Mohamad Azizi	100,000	100

**3. SALIENT TERMS OF THE JOINT VENTURE AGREEMENT**

- (a) It is the intention of the Parties to increase the paid-up capital of Netsec to RM500,000/- within three (3) months from entering in the joint venture. The shareholdings shall be maintained in the following proportions: -
- TXB - 51%
  - Azman Bin Mohamad Azizi - 49%
- (b) The Board of Directors of Netsec shall initially comprise three (3) Directors, two (2) of whom shall be appointed by TXB and one (1) shall be appointed by Azman Bin Mohamad Azizi.
- (c) During the term of the joint venture, the Parties agree not to engage in or support any business activities that directly compete with the primary business objectives and operations of Netsec. This includes, but is not limited to, the development, production, or marketing of any products or services that are substantially similar to those offered by Netsec. Exceptions to this clause must be mutually agreed upon in writing by the Parties.

(d) Completion shall take place thirty (30) business days (or such date as the Parties otherwise mutually agree in writing) after the fulfilment of all the Conditions Precedent set out below. Netsec shall provide to TXB on completion:

(i) certified true copies of the resolutions passed by the board of directors of Netsec authorising the execution and delivery of the Joint Venture Agreement and all other documents and agreements ancillary or pursuant thereto or in connection therewith.

(e) The Joint Venture Agreement is legally binding on the Parties. Each party shall be entitled to terminate the Joint Venture Agreement if the conditions precedent is not fulfilled within sixty (60) days from the date of Joint Venture Agreement or such other date mutually agreed between the Parties or for any antecedent breach as stipulated in the Joint Venture Agreement.

In the event that completion does not take place due to TXB's default, Netsec shall be entitled to forthwith terminate the Joint Venture Agreement by written notice to TXB (in addition to and without prejudice to all other rights or remedies available to Netsec, including the right to claim damages).

#### **4. RATIONALE AND PROSPECTS**

The objectives and prospects for the joint venture between TXB and Netsec are as follows:-

- (a) **Enhancing Cybersecurity Capabilities:** Focus on developing advanced cybersecurity solutions to position Malaysia as a global leader in this domain;
- (b) **Innovative Product Development:** Create cutting-edge cybersecurity products, integrating AI and other emerging technologies, to address evolving cyber threats;
- (c) **Talent Development and Workforce Training:** Bridge the skills gap in cybersecurity by training and nurturing a skilled workforce;
- (d) **Market Expansion and Leadership:** Establish a strong market presence in Malaysia and the Southeast Asian region, aiming to become a regional leader in cybersecurity solutions;
- (e) **Compliance and Data Privacy:** Adhere to stringent data privacy and regulatory standards, ensuring trust and reliability in the joint venture's offerings;
- (f) **Collaborative Partnerships:** Foster partnerships with educational institutions, tech companies, and government agencies to enhance the cybersecurity ecosystem; and
- (g) **Aim for long-term growth and sustainability** through continuous innovation, market adaptation, and strategic planning.

#### **5. RISK FACTORS**

TXB does not expect any material risk arising from the Joint Venture Agreement other than the normal operational risk associated with the Joint Venture Agreement, which TXB would take appropriate measures to minimise it.

**6. FINANCIAL EFFECTS**

The execution of the Joint Venture Agreement is not expected to have any material effect on the earnings, net assets, gearing, share capital, and substantial shareholders' shareholding of TXB for the financial year ending 31 December 2024.

**7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors and/or major shareholders of TXB and/or persons connected with them has any direct or indirect interest in the Joint Venture Agreement.

**8. APPROVAL REQUIRED**

The Joint Venture Agreement is not subject to the approval of TXB's shareholders and/or any regulatory authority.

**9. DIRECTORS' STATEMENT**

The Board of Directors of TXB, having considered all aspects of the Joint Venture Agreement, is of the opinion that the execution of the Joint Venture Agreement is in the best interests of TXB and its subsidiaries.

**10. DOCUMENT AVAILABLE FOR INSPECTION**

The Joint Venture Agreement is available for inspection at the registered office of TXB at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 18 January 2024.