

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), Bursa Securities has only conducted a limited review of the contents set out in this Circular in relation to the Proposed Share Consolidation and Proposed Rights Issue with Warrants (as defined herein) prior to its issuance. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



TECHNA-X BERHAD

[Registration No. 200601012477 (732227-T)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

- (I) PROPOSED REDUCTION OF TECHNA-X BERHAD'S ("TXB") SHARE CAPITAL PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED CAPITAL REDUCTION");**
- (II) PROPOSED SETTLEMENT OF AN AGGREGATE AMOUNT OF RM33,834,500 DEBT OWING TO CREDITORS BY TXB VIA THE ISSUANCE OF 2,487,830,882 NEW ORDINARY SHARES IN TXB ("SETTLEMENT SHARE(S)") AT ISSUE PRICE OF RM0.0136 PER SETTLEMENT SHARE ("PROPOSED DEBT SETTLEMENT");**
- (III) PROPOSED CONSOLIDATION OF EVERY 20 EXISTING ORDINARY SHARES IN TXB (INCLUDING SETTLEMENT SHARES) INTO 1 ORDINARY SHARE OF TXB ("CONSOLIDATED SHARE(S)") HELD BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED SHARE CONSOLIDATION"); AND**
- (IV) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 251,587,641 NEW ORDINARY SHARES IN TXB ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 CONSOLIDATED SHARE HELD, TOGETHER WITH UP TO 251,587,641 FREE DETACHABLE WARRANTS IN TXB ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE AND AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS").**

PART B

**INDEPENDENT ADVICE LETTER TO THE SHAREHOLDERS OF TXB IN RELATION TO THE
PROPOSED DEBT SETTLEMENT**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B



FHMH CORPORATE ADVISORY SDN BHD

Registration No. 200701016946 (774955-D)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company together with the Form of Proxy are enclosed in this Circular. A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the completed and signed Form of Proxy must be lodged at the registered office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time and date stipulated for the EGM as indicated below. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Day, date and time of the EGM	:	Thursday, 8 February 2024 at 10:00 a.m.
Venue of the EGM	:	The Pavilion @ Royal Lake Club, Taman Tasik Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan
Last day, date and time for lodging Form of Proxy	:	Tuesday, 6 February 2024 at 10:00 a.m.

This Circular is dated 16 January 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

"5D-VWAMP"	:	5-day volume weighted average market price
"Act"	:	The Companies Act 2016, as amended from time to time, and any re-enactments thereof
"Announcement LPD"	:	12 April 2023, being the latest practicable date prior to the execution of the Capitalisation Agreement 7 and Supplemental Capitalisation Agreements
"Balance ESOS Option(s)"	:	Up to 195,207,210 balance ESOS Option(s) which may be granted under the ESOS (taking into consideration the maximum number of new Shares which can be allotted and issued pursuant to the exercise of the ESOS Options) and exercisable into 195,207,210 new Shares
"Board"	:	Board of Directors of TXB
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd [Registration No. 198701006854 (165570-W)]
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
"CAGR"	:	Compound annual growth rate
"Capitalisation Agreement(s)"	:	Collectively, Capitalisation Agreement 1, Capitalisation Agreement 2, Capitalisation Agreement 3, Capitalisation Agreement 4, Capitalisation Agreement 5, Capitalisation Agreement 6 and Capitalisation Agreement 7
"Capitalisation Agreement 1"	:	Capitalisation agreement dated 29 November 2022 entered between TXB and TAP pursuant to the Proposed Debt Settlement
"Capitalisation Agreement 2"	:	Capitalisation agreement dated 29 November 2022 entered between TXB and DSC pursuant to the Proposed Debt Settlement
"Capitalisation Agreement 3"	:	Capitalisation agreement dated 29 November 2022 entered between TXB and CKS pursuant to the Proposed Debt Settlement
"Capitalisation Agreement 4"	:	Capitalisation agreement dated 29 November 2022 entered between TXB and TSS pursuant to the Proposed Debt Settlement
"Capitalisation Agreement 5"	:	Capitalisation agreement dated 29 November 2022 entered between TXB and AOF I pursuant to the Proposed Debt Settlement
"Capitalisation Agreement 6"	:	Capitalisation agreement dated 29 November 2022 entered between TXB and AOF pursuant to the Proposed Debt Settlement
"Capitalisation Agreement 7"	:	Capitalisation agreement dated 14 April 2023 entered between TXB and GIP pursuant to the Proposed Debt Settlement
"CCM"	:	Companies Commission of Malaysia
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act, 1991
"Circular"	:	This circular to shareholders dated 16 January 2024

DEFINITIONS (Cont'd)

"Code"	: Malaysian Code on Take-Overs and Mergers, 2016
"Constitution"	: Constitution of TXB
"Consolidated Share(s)"	: TXB Share(s) after the completion of Proposed Share Consolidation
"Consolidated Shares Entitlement Date"	: A date, to be determined and announced later by the Board, on which the names of the shareholders of TXB must appear in the Record of Depositors of the Company, in order to be entitled to the Consolidated Shares
"Consolidated Shares Entitled Shareholder(s)"	: The name of the shareholder(s) that appears in the Record of Depositors of the Company on the Consolidated Shares Entitlement Date
"COVID-19"	: Coronavirus Disease 2019
"Craveat Group"	: Craveat International Sdn Bhd, its subsidiaries and associated companies
"Creditor(s)"	: Collectively, TAP Partners Sdn Bhd (" TAP "), Debut Supreme Capital Sdn Bhd (" DSC "), Chan Kok San (" CKS "), Tee Sook Sing (" TSS "), Advance Opportunities Fund I (" AOF I "), Advance Opportunities Fund (" AOF ") and GIP Work Sdn Bhd (" GIP ")
"Deed Poll"	: The deed poll to be executed by the Company constituting the Warrants and governing the rights of the Warrant Holders
"Director"	: A person defined in Section 2(1) of the Capital Markets and Services Act 2007 which has the meaning assigned to it in the Act (which includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Debt Settlement were agreed upon, a Director or a chief executive officer of the Company, its subsidiaries or holding company), includes a reference to: <ul style="list-style-type: none">(a) a person occupying or acting in the position of director of a corporation, by whatever name called and whether or not validly appointed to occupy, or duly authorised to act in, the position;(b) a person in accordance with whose directions or instructions the directors of a corporation are accustomed to act;(c) an alternate or substitute director; or(d) in the case of a corporation formed or incorporated or existing outside Malaysia—<ul style="list-style-type: none">(i) a member of the corporation's board of directors or governing body;(ii) a person occupying or acting in the position of a member of the corporation's board, by whatever name called and whether or not validly appointed to occupy, or duly authorised to act in the position; or(iii) a person in accordance with whose directions or instructions the members of the corporation's board are accustomed to act.

DEFINITIONS (Cont'd)

"E-Rex"	: Electric Revolution d.o.o.
"E&E"	: Electrical and electronics
"EGM"	: Extraordinary General Meeting
"EPS"	: Earnings per share
"ESOS"	: Employees' share option scheme
"ESOS Option(s)"	: The right to subscribe for one (1) TXB Share pursuant to the ESOS
"Existing ESOS Option(s)"	: 134,000,000 outstanding ESOS Options exercisable into 134,000,000 new Shares at an exercise price of RM0.0703 as at LPD
"Existing Share(s)"	: Existing TXB Shares prior to the completion of the Proposed Share Consolidation
"F&B"	: Food and beverage
"FHCA" or "Independent Adviser"	: FHMH Corporate Advisory Sdn Bhd [Registration No. 200701016946 (774955-D)]
"FPE"	: Financial period ended/ending 30 September, as the case may be
"FYE"	: Financial year ended/ending 31 December, as the case may be
"GDP"	: Gross domestic product
"GL"	: Gross loss
"GP"	: Gross profit
"HKAB"	: HK Aerospace Beidou New Energy Technology Co., Limited
"ICT"	: Information and communications technology
"Indicative Rights Issue Price"	: An indicative issue price of RM0.1300 for each Rights Share for the purpose of this Circular
"Interested Director"	: Datuk Lim Chih Li @ Lin ZhiLi being the interested director in relation to the Proposed Debt Settlement as he is the Executive Director of TXB and given his interests in TAP being a director and shareholder (via its direct and indirect shareholding in Tremendous Asia Management Inc.)
"IoT"	: Internet of things
"Issue Date"	: Issue date of the Warrants
"IT"	: Information technology
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LAT"	: Loss after tax
"LPD"	: 18 December 2023, being the latest practicable date prior to the printing of this Circular
"LPS"	: Loss per Share

DEFINITIONS (Cont'd)

“Main Market”	: Main Market of Bursa Securities
“Major Shareholder(s)”	: A person who has (or within the preceding 6 months of the date on which the terms of the Proposed Debt Settlement were agreed upon had) an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such a person is the largest shareholder of the Company, “Interest” shall have the meaning of “interest in shares” given in section 8 of the Act.
“Maximum Subscription Level”	: Assuming all the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s), where applicable, subscribe in full for their respective entitlements of the Rights Shares
“MCO”	: The 2020 Malaysia movement control order, commonly referred to as the MCO, a restriction imposed on the movement of people implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country on 18 March 2020, and includes all its subsequent phases, being the conditional MCO (“ CMCO ”), recovery MCO (“ RMCO ”), enhanced MCO (“ EMCO ”) and/or variations of these thereof
“MFRS”	: Malaysian Financial Reporting Standards
“Minimum Subscription Level”	: The subscription level for the Proposed Rights Issue with Warrants to raise minimum gross proceeds of RM7.00 million which is derived from the Undertaking
“M&A Securities” or “Principal Adviser”	: M&A Securities Sdn Bhd [Registration No. 197301001503 (15017-H)]
“NA”	: Net asset(s)
“NL”	: Net liabilities
“Order”	: The order by the High Court of Malaya to sanction the Proposed Capital Reduction pursuant to Section 116 of the Act
“PAT”	: Profit after tax
“Proposals”	: Collectively, the Proposed Capital Reduction, Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants
“Proposed Capital Reduction”	: Proposed reduction of TXB’s share capital pursuant to Section 116 of the Act
“Proposed Debt Settlement”	: Proposed settlement of the Settlement Amount owing to Creditors by TXB via the issuance of the Settlement Shares at the Settlement Issue Price

DEFINITIONS (Cont'd)

“Proposed Rights Issue with Warrants”	: Proposed renounceable rights issue of up to 251,587,641 Rights Shares based on the Rights Shares Entitlement Basis, together with up to 251,587,641 Warrants based on the Warrants Entitlement Basis
“Proposed Share Consolidation”	: Proposed consolidation of 20 Existing Shares into 1 Consolidated Share held by the Consolidated Shares Entitled Shareholders on the Consolidated Shares Entitlement Date
“Providence” or “IMR”	: Providence Strategic Partners Sdn Bhd [Registration No. 201701024744 (1238910-A)], the Independent Market Researcher in relation to the Proposals
“R&D”	: Research and development
“RCN” or “TXB RCN”	: Redeemable convertible notes of TXB with an aggregate principal amount of up to RM150,000,000
“Record of Depositors”	: A record of securities holders provided by Bursa Depository under the rules of Bursa Depository
“Reporting Accountants”	: HLB Ler Lum Chew PLT [201906002362 & AF0276]
“Rights Share(s)”	: Up to 251,587,641 new Shares in TXB to be issued pursuant to the Proposed Rights Issue with Warrants
“Rights Shares Entitlement Basis”	: The basis of 1 Rights Share for every 1 Consolidated Share held by the Rights Shares with Warrants Entitled Shareholder(s)
“Rights Shares with Warrants Entitlement Date”	: A date, to be determined and announced later by the Board, on which the names of the shareholders of TXB must appear in the Record of Depositors of the Company, in order to be entitled to the Rights Shares and Warrants
“Rights Shares with Warrants Entitled Shareholder(s)”	: The name of the shareholder(s) that appears in the Record of Depositors of the Company on the Rights Shares with Warrants Entitlement Date
“RM”	: Ringgit Malaysia and sen, respectively
“Rules”	: Rules on Take-overs, Mergers and Compulsory Acquisitions
“SC”	: Securities Commission Malaysia
“Settlement Amount”	: An aggregate amount of RM33,834,500 debt owing to Creditors by TXB
“Settlement Share(s)”	: 2,487,830,882 new TXB Shares to be issued pursuant to the Proposed Debt Settlement
“Settlement Issue Price”	: Issue price of RM0.0136 per Settlement Share
“SGD”	: Singapore Dollar
“Share Consolidation Maximum Scenario”	: Assuming all the Existing ESOS Options and Balance ESOS Options are fully granted and/or exercised into new TXB Shares at exercise price of RM0.0703 and indicative exercise price of RM0.0120, respectively, prior to the Consolidated Shares Entitlement Date

DEFINITIONS (Cont'd)

"Share Consolidation Minimum Scenario"	: Assuming none of the Existing ESOS Options and Balance ESOS Options are granted and/or exercised into new TXB Shares prior to the Consolidated Shares Entitlement Date
"Supplemental Capitalisation Agreement(s)"	: Collectively, Supplemental Capitalisation Agreement 1, Supplemental Capitalisation Agreement 2, Supplemental Capitalisation Agreement 3, Supplemental Capitalisation Agreement 4, Supplemental Capitalisation Agreement 5 and Supplemental Capitalisation Agreement 6
"Supplemental Capitalisation Agreement 1"	: Supplemental capitalisation agreement dated 14 April 2023 entered between TXB and TAP pursuant to the Proposed Debt Settlement
"Supplemental Capitalisation Agreement 2"	: Supplemental capitalisation agreement dated 14 April 2023 entered between TXB and DSC pursuant to the Proposed Debt Settlement
"Supplemental Capitalisation Agreement 3"	: Supplemental capitalisation agreement dated 14 April 2023 entered between TXB and CKS pursuant to the Proposed Debt Settlement
"Supplemental Capitalisation Agreement 4"	: Supplemental capitalisation agreement dated 14 April 2023 entered between TXB and TSS pursuant to the Proposed Debt Settlement
"Supplemental Capitalisation Agreement 5"	: Supplemental capitalisation agreement dated 14 April 2023 entered between TXB and AOF I pursuant to the Proposed Debt Settlement
"Supplemental Capitalisation Agreement 6"	: Supplemental capitalisation agreement dated 14 April 2023 entered between TXB and AOF pursuant to the Proposed Debt Settlement
"TEAP"	: Theoretical ex-all price
"Theoretical Adjusted 5D-VWAMP"	: The theoretical adjusted 5D-VWAMP of TXB Shares after adjusting for the effects of Proposed Share Consolidation
"TXB" or the "Company"	: Techna-X Berhad [Registration No. 200601012477 (732227-T)]
"TXB Group" or "Group"	: TXB and its subsidiary companies
"TXB Share(s)" or "Shares(s)"	: Ordinary shares in TXB
"Undertaking"	: The irrevocable written undertaking from Undertaking Shareholder to subscribe in full for its entitlement under the Proposed Rights Issue with Warrants and additional Rights Shares not taken up by other Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) by way of excess Rights Shares application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company are at least RM7.00 million in accordance to the condition stipulated under section 2.4.3 of this Circular
"Undertaking Shareholder"	: DSC, who is providing the Undertaking to TXB for the Proposed Rights Issue with Warrants to raise minimum gross proceeds of RM7.00 million

DEFINITIONS (Cont'd)

- "Warrant(s)" : Up to 251,587,641 free warrants in TXB to be issued pursuant to the Proposed Rights Issue with Warrants
- "Warrant Holder(s)" : The holder(s) of the Warrants pursuant to the Proposed Rights Issue with Warrants
- "Warrants Entitlement Basis" : The basis of 1 Warrant for every 1 Rights Share subscribed for by the Rights Shares with Warrants Entitled Shareholder(s)

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated.

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. References to persons shall, where applicable, include corporations.

Certain figures included in this Circular have been subject to rounding adjustments. References to "we", "us", "our" and "ourselves" are to the Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of TXB.

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PART A

**LETTER FROM THE BOARD TO
THE SHAREHOLDERS OF TXB IN RELATION TO THE
PROPOSALS**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM OF THE COMPANY TO BE CONVENED.

Key information	Summary	Reference to Circular
Details of the Proposals	<p>Proposed Capital Reduction</p> <p>The Proposed Capital Reduction entails the reduction of TXB's share capital by RM1,199,734,780 pursuant to Section 116 of the Act.</p> <p>The Proposed Capital Reduction will result in the reduction of the share capital of TXB from RM1,224,219,163 to RM24,484,383. The Proposed Capital Reduction will give rise to a credit of RM1,199,734,780 which will be utilised to set off the accumulated losses of TXB while the balance, if any, will be credited to the retained earnings account of the Company.</p> <p>Proposed Debt Settlement</p> <p>On 29 November 2022, the Company has entered into 6 Capitalisation Agreements with the Creditors, namely TAP, DSC, CKS, TSS, AOF I and AOF to settle the amount owing by the Company to them, via the issuance of the new Shares at the issue price of RM0.0275 per Share.</p> <p>Subsequently, the Company has on 14 April 2023 entered into the Supplemental Capitalisation Agreements with all the 6 Creditors to vary the terms of the Capitalisation Agreements including the variation of Settlement Issue Price from RM0.0275 to RM0.0136.</p> <p>On 14 April 2023, the Company has entered into Capitalisation Agreement 7 with GIP to settle the amount owing by the Company to GIP, via the issuance of the Settlement Shares at an issue price of RM0.0136 per Settlement Share.</p> <p>Proposed Share Consolidation</p> <p>The Proposed Share Consolidation will be implemented after the completion of the Proposed Debt Settlement. Under the Share Consolidation Minimum Scenario, the total outstanding TXB Shares will be 4,702,545,618 Shares. In this case, upon completion of the Proposed Share Consolidation, TXB's resultant issued Shares will be 235,127,280 Consolidated Shares.</p> <p>On the other hand, upon completion of the Proposed Debt Settlement and under the Share Consolidation Maximum Scenario, the total outstanding TXB Shares will increase to 5,031,752,828 Shares. In this case, upon completion of the Proposed Share Consolidation, TXB's resultant issued Shares will be 251,587,641 Consolidated Shares.</p>	Section 2

EXECUTIVE SUMMARY (Cont'd)

Key information	Summary	Reference to Circular
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Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will be implemented after the completion of Proposed Share Consolidation. Based on the Share Consolidation Maximum Scenario and Maximum Subscription Level, the Proposed Rights Issue with Warrants would entail an issuance of up to 251,587,641 Rights Shares to the Rights Shares with Warrants Entitled Shareholders and/or their renouncee(s) on the basis of 1 Rights Share for every 1 Consolidated Share held, together with up to 251,587,641 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for by the Rights Shares with Warrants Entitled Shareholders and/or their renouncee(s) on the Rights Shares with Warrants Entitlement Date. Based on the Indicative Rights Issue Price of RM0.1300 per Rights Share, the Proposed Rights Issue with Warrants will raise a total gross proceeds of RM32,706,393.

However, based on the Share Consolidation Minimum Scenario, the Proposed Rights Issue with Warrants would entail an issuance of up to 235,127,280 Rights Shares and 235,127,280 Warrants to the Rights Shares with Warrants Entitled Shareholders and/or their renouncee(s) on the basis of 1 Rights Share for every 1 Consolidated Share held and 1 Warrant for every 1 Rights Share subscribed for on the Rights Shares with Warrants Entitlement Date.

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level to raise minimum gross proceeds of RM7.00 million which is derived from the Undertaking.

Rationale for the Proposals

: Proposed Capital Reduction

Section 4

The Proposed Capital Reduction will enable the Company to rationalise its statement of financial position by reducing the accumulated losses. The reduced issued share capital pursuant to the Proposed Capital Reduction will also reflect more accurately the value of the underlying assets and the financial position of the Company.

Proposed Debt Settlement

The purpose of the Proposed Debt Settlement is to settle the amount owing by TXB to its Creditors. The amount owing to the vendors of Touchpoint International Sdn Bhd, Wavetree PLT and Techna Analytics Sdn Bhd have remained outstanding for a protracted period of time. This was primarily due to the fact that the COVID-19 pandemic had affected TXB's business operations to a large extent and thus prevented it from generating the sufficient funds it had previously anticipated for the settlement of these purchase considerations to the respective vendors, vis-à-vis ensuring adequate funds continued to be made available to support its business expansion and working capital purposes. Given the urgency of the matter, TXB had approached several parties, namely TAP, DSC, CKS, TSS, AOF I, AOF and GIP, for financial assistance.

EXECUTIVE SUMMARY (Cont'd)

**Key
information****Summary****Reference
to Circular****Proposed Share Consolidation**

The Proposed Share Consolidation is expected to enhance the Company's share capital structure. As TXB Shares are currently traded at relatively low trading price range, a small absolute movement in the share price may be significant in percentage terms. The Proposed Share Consolidation will result in a reduction in the number of TXB Shares available in the market that may potentially reduce the volatility of the trading price for TXB Shares.

Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will enable TXB to raise its required funds for purposes set out in Section 2.4.6 without incurring additional interest cost which would arise if TXB was to obtain further bank borrowings to fund the aforesaid purposes, which are expected to contribute positively towards the future earnings of TXB.

Approvals
required

: The Proposals are subject to the following approvals:

Section 7

- (i) Bursa Securities for the following:
 - (a) listing of and quotation for the Settlement Shares to be issued pursuant to the Proposed Debt Settlement on the Main Market of Bursa Securities;
 - (b) Proposed Share Consolidation;
 - (c) listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities;
 - (d) admission to the Official List of Bursa Securities and listing and quotation of the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
 - (e) listing of and quotation of new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities;
- (ii) shareholders or non-interested shareholders of TXB, where applicable, at an EGM of the Company to be convened;
- (iii) the Order from the High Court of Malaya sanctioning the Proposed Capital Reduction pursuant to Section 116 of the Act;
- (iv) financier and/or creditors of TXB, if required; and
- (v) any other relevant authority or parties, if required.

EXECUTIVE SUMMARY (Cont'd)

Key information	Summary	Reference to Circular
Parties involved and the element of conflict of interests	<p>Datuk Lim Chih Li @ Lin ZhiLi is an Interested Director in relation to the Proposed Debt Settlement with TAP as he is the Executive Director of TXB and given his interests in TAP being a director and shareholder (via its direct and indirect shareholding in Tremendous Asia Management Inc.).</p> <p>Datuk Lim Chih Li @ Lin ZhiLi has abstained and will continue to abstain from deliberating and voting on any resolution pertaining to the Proposed Debt Settlement at any Board meeting.</p> <p>Datuk Lim Chih Li @ Lin ZhiLi will abstain from voting in respect of his direct and/or indirect shareholdings in TXB on the resolution pertaining to the Proposed Debt Settlement to be tabled at TXB's forthcoming EGM to be convened. Furthermore, he has also undertaken to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in TXB on the resolution pertaining to the Proposed Debt Settlement to be tabled at TXB's forthcoming EGM.</p>	Section 10
Directors' statements and recommendation	<p>The Board (save for the Interested Director), having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are fair and reasonable and are in the best interests of the Company and its shareholders. Accordingly, the Board (save for the Interested Director in the Proposed Debt Settlement) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM to be convened.</p>	Section 14

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TECHNA-X BERHAD
[Registration No. 200601012477 (732227-T)]
(Incorporated in Malaysia)

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

16 January 2024

Board of Directors

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Executive Chairman)
Datuk Lim Chih Li @ Lin ZhiLi (Executive Director)
Ahmad Rizan Bin Ibrahim (Executive Director)
Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director)
Fan Kah Seong (Independent Non-Executive Director)
Aidawati Binti Dahari (Independent Non-Executive Director)
Chin How Nyian (Alternate Director to Datuk Lim Chih Li @ Lin ZhiLi)
Ng Chee Seng (Alternate Director to Ahmad Rizan Bin Ibrahim)

To: The Shareholders of TXB

Dear Sir/Madam,

- (I) PROPOSED CAPITAL REDUCTION**
- (II) PROPOSED DEBT SETTLEMENT**
- (III) PROPOSED SHARE CONSOLIDATION**
- (IV) PROPOSED RIGHTS ISSUE WITH WARRANTS**

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On 29 November 2022, M&A Securities had, on behalf of the Board, announced that the Company had proposed to undertake the following:

- (i) proposed settlement of an aggregate amount of RM37,020,000 debt owing to creditors by the Company via the issuance of 1,346,181,818 new Shares.
- (ii) proposed consolidation of every 20 existing Shares into 1 consolidated share held by the entitled shareholders on an entitlement date to be determined and announced later;
- (iii) proposed renounceable rights issue of up to 97,252,594 rights shares on the basis of 1 right share for every 2 consolidated shares held by the entitled shareholders on an entitlement date to be determined later; and

- (iv) proposed bonus issue of up to 145,878,891 free warrants on the basis of 1 warrant for every 2 consolidated shares held by the entitled shareholders on an entitlement date to be determined later.

On 21 December 2022, M&A Securities had, on behalf of the Board, announced that the Company had proposed to undertake a proposed reduction of TXB's share capital pursuant to Section 116 of the Act.

(the above 5 proposals are collectively referred to as the "**Previous Proposals**").

On 20 January 2023, M&A Securities had, on behalf of the Board, announced that the listing application and draft Circular to shareholders in relation to the Previous Proposals has been submitted to Bursa Securities. On 3 February 2023, M&A Securities had, on behalf of the Board, announced that the Company has submitted an application to Bursa Securities for the withdrawal of the listing application and draft Circular to shareholders in relation to the Previous Proposals with the intention to appoint an independent adviser to advise the non-interested shareholders of TXB in relation to the Proposed Debt Settlement.

Accordingly, FHCA has been appointed as the Independent Adviser to advise the non-interested shareholders in relation to the Proposed Debt Settlement with TAP on whether the Proposed Debt Settlement with TAP is fair and reasonable and whether the transaction is to the detriment of the non-interested shareholders.

In view of the developments that have taken place, on 14 April 2023, M&A Securities had, on behalf of the Board, announced that the Company had proposed to undertake the Proposals. On 12 May 2023, the Company had announced that after further deliberation, the Company has resolved to revise the terms in relation to the Proposed Capital Reduction.

On 14 December 2023, M&A Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 14 December 2023, approved the Proposed Share Consolidation as well as the listing and quotation of the securities to be issued pursuant to the Proposed Debt Settlement and Proposed Rights Issue with Warrants subject to conditions as stated in Section 7(i) of this Circular.

Further details of the Proposals are as set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM TO BE CONVENED. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM TO BE CONVENED.

2. DETAILS OF THE PROPOSALS

As at the LPD, TXB has:

- (i) issued share capital of RM1,224,219,163 comprising 2,214,714,736 Shares;
- (ii) 134,000,000 Existing ESOS Options exercisable into 134,000,000 new Shares at an exercise price of RM0.0703; and
- (iii) up to 195,207,210 Balance ESOS Options which may be granted under the ESOS (taking into consideration the maximum number of new Shares which can be allotted and issued pursuant to the exercise of the ESOS Options) and exercisable into 195,207,210 new Shares.

For avoidance of doubt, the maximum number of new TXB Shares to be allotted and issued pursuant to the exercise of the ESOS Options shall not in aggregate exceed 15.00% of the total number of issued Shares of the Company at any point in time throughout the duration of the ESOS. This represents a total of 332,207,210 ESOS Options that may be granted and exercisable into 332,207,210 Shares based on the total issued TXB Shares as at LPD. As at LPD, 137,000,000 ESOS Options had been granted to eligible directors and employees of the Company of which 3,000,000 ESOS Options had been exercised.

2.1 Details of the Proposed Capital Reduction

The Proposed Capital Reduction entails the reduction of TXB's share capital by RM1,199,734,780 pursuant to Section 116 of the Act.

The Proposed Capital Reduction will result in the reduction of the share capital of TXB from RM1,224,219,163 to RM24,484,383. The Proposed Capital Reduction will give rise to a credit of RM1,199,734,780 which will be utilised to set off the accumulated losses of TXB while the balance, if any, will be credited to the retained earnings account of the Company.

For illustration purposes, the effects of the Proposed Capital Reduction on the accumulated losses of the Group and Company are as follows:

	Company Level	Group Level
	Audited	Audited
	31 December 2022	31 December 2022
	RM'000	RM'000
Accumulated losses	(1,176,569)	(1,193,884)
Add: Credit arising from the Proposed Capital Reduction	1,199,735	1,199,735
Less: Estimated expenses incurred for the Proposed Capital Reduction	(200)	(200)
Resultant retained earnings	22,966	5,651

The Order by the High Court of Malaya will be sought to sanction the Proposed Capital Reduction pursuant to Section 116 of the Act after receipt of approvals from the shareholders of the Company at the forthcoming EGM to be convened.

The effective date of the Proposed Capital Reduction will be the date of the lodgement of a sealed copy of the Order with the Registrar of Companies.

The Proposed Capital Reduction will not result in any adjustment to the market price and the number of TXB Shares held by the shareholders of TXB. For avoidance of doubt, the Proposed Capital Reduction is not conditional upon any other proposals undertaken or to be undertaken by TXB including the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants as stipulated in the ensuing sections.

2.2 Details of the Proposed Debt Settlement

On 29 November 2022, the Company has entered into 6 Capitalisation Agreements with the Creditors, namely TAP, DSC, CKS, TSS, AOF I and AOF to settle the amount owing by the Company to them, via the issuance of the new Shares at the issue price of RM0.0275 per Share.

Subsequently, the Company has on 14 April 2023 entered into the Supplemental Capitalisation Agreements with all the 6 Creditors to vary the terms of the Capitalisation Agreements including the variation of Settlement Issue Price from RM0.0275 to RM0.0136 which was agreed based on negotiation with the Creditors and upon the request of the Creditors taking into consideration of the time elapsed since the date of the Capitalisation Agreements on 29 November 2022 as well as the declining TXB's Share price from RM0.030 (based on TXB's 5D-VWAMP up to and including 25 November 2022) to RM0.0151 (based on TXB's 5D-VWAMP up to and including 12 April 2023).

On 14 April 2023, the Company has entered into Capitalisation Agreement 7 with GIP to settle the amount owing by the Company to GIP, via the issuance of the Settlement Shares at an issue price of RM0.0136 per Settlement Share.

The salient terms of the Capitalisation Agreements and Supplemental Capitalisation Agreements are as attached in the Appendices I and II.

The details of the Creditors and the Settlement Amount owing to each Creditor and quantity of Settlement Shares to be received by each Creditor are as follows:-

Creditor(s)	Capitalisation Agreement	Settlement Amount RM	Quantity of Settlement Shares to be received
TAP	Capitalisation Agreement 1 and Supplemental Capitalisation Agreement 1	21,000,000	1,544,117,645
DSC	Capitalisation Agreement 2 and Supplemental Capitalisation Agreement 2	1,814,500	133,419,118
CKS	Capitalisation Agreement 3 and Supplemental Capitalisation Agreement 3	2,520,000	185,294,118
TSS	Capitalisation Agreement 4 and Supplemental Capitalisation Agreement 4	1,500,000	110,294,118
AOF I	Capitalisation Agreement 5 and Supplemental Capitalisation Agreement 5	1,500,000	110,294,118
AOF	Capitalisation Agreement 6 and Supplemental Capitalisation Agreement 6	500,000	36,764,706
GIP	Capitalisation Agreement 7	5,000,000	367,647,059
Total		33,834,500	2,487,830,882

2.2.1 Details of the Creditors

(i) TAP

TAP was incorporated in Malaysia on 2 December 2004 as a private limited company. The share capital of TAP is RM12,450,000 comprising of 12,450,000 ordinary shares. TAP is principally involved in the business of providing financial advisory services.

As at the LPD, the director and shareholder of TAP are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of Shares ('000)	%	No. of Shares ('000)	%
Tremendous Asia Management Inc.	-	Cayman Island	12,450	100	-	-
Datin Lee Cheng Ling	-	Malaysian	-	-	(¹)12,450	100
Datuk Lim Chih Li @ Lin ZhiLi	Director	Malaysian	-	-	(¹)12,450	100

Note:

- (1) Datin Lee Cheng Ling (the spouse of Datuk Lim Chih Li @ Lin ZhiLi) is the largest shareholder with 99% equity interest in Tremendous Asia Management Inc. Datuk Lim Chih Li @ Lin ZhiLi is deemed interested by virtue of the shareholdings of his spouse in Tremendous Asia Management Inc.

Datuk Lim Chih Li @ Lin ZhiLi is an interested director in relation to the Proposed Debt Settlement as he is the Executive Director of TXB and given his interests in TAP as a director and shareholder (via its direct and indirect shareholding in Tremendous Asia Management Inc.)

Details of the amount owing to TAP

The total amount of debt owing by the Company to TAP as at LPD is RM29,032,730.

The Company has previously entered into a loan agreement dated 3 June 2022 whereby TAP has provided an amount of RM27,000,000 by way of a loan to TXB. In addition, TAP had in between October 2020 to December 2022, advanced to TXB RM3,269,583 which was utilised for partial repayment to HKAB's vendors and working capital requirements of TXB.

Pursuant to the Capitalisation Agreement 1 and Supplemental Capitalisation Agreement 1, TXB shall capitalise the debt owing to TAP of RM21,000,000. The Company intends to repay the balance of amount owing to TAP from internally generated funds. The details of the debt owing by the Company to TAP are as follows:

Period	Purpose	Amount (RM)
Since 21 October 2020	Repayment of debt ⁽¹⁾	⁽²⁾ 28,898,960
	Working capital requirements	⁽³⁾ 1,370,623
	Repayment to TAP	⁽⁴⁾ (1,236,853)
Total		29,032,730

Notes:

- (1) The Company utilised the amount borrowed from TAP to partially repay the outstanding purchase consideration owed by the Company to the vendors of Touchpoint International Sdn Bhd, Wavetree PLT, Techna Analytics Sdn Bhd and HKAB.
- (2) The details of payment to vendors of acquiree companies with the amount borrowed by the Company from TAP are as follows:

Vendor	Amount owing to vendor as at 17 June 2022 RM'000	Amount paid with debt borrowed from TAP RM'000	Amount paid with debt from DSC RM'000	Amount paid with debt from GIP RM'000	Amount paid with internal funds RM'000	Balance amount owing as at LPD RM'000	Status of completion of acquisition
Touchpoint International Sdn Bhd ("TPI")	25,260	21,260	1,815	-	2,185	-	Completed on 19 December 2019
Wavetree PLT	35,000	1,740	-	5,000	-	28,260	Completed on 19 December 2019*

Vendor	Amount owing to vendor as at 17 June 2022 RM'000	Amount paid with debt borrowed from TAP RM'000	Amount paid with debt from DSC RM'000	Amount paid with debt from GIP RM'000	Amount paid with internal funds RM'000	Balance amount owing as at LPD RM'000	Status of completion of acquisition
Techna Analytics Sdn Bhd	8,588	4,000	-	-	1,111	3,477	Completed on 24 September 2020**
HKAB	6,919	1,899	-	-	-	5,020	Completed on 14 October 2020***

* The acquisition was completed on 19 December 2019. Additionally, the vendors of Wavetree PLT had on 31 December 2022 provided written consent to defer the timeframe of the payment of the balance purchase consideration to a date falling on or before 30 June 2024.

** The acquisition was completed on 24 September 2020. Based on the share purchase agreement dated on 24 September 2020, the vendors remain responsible for the management and the business affairs of Techna Analytics. A profit guarantee is provided by the vendors for a period of 2 years, and that the cumulative total guaranteed profit after taxation for the said 2 years shall be RM3,000,000 commencing from 1 July 2020 and expiring on 30 June 2022 ("**Guaranteed Profit**"). In the event that the actual profit after taxation shall fall below the Guaranteed Profit, the purchase consideration shall be reduced by the difference between the Guaranteed Profit and the actual profit, proportionately to the final 30% of the total purchase consideration.

Due to unprecedented movement control order enforced by the Malaysian government which has affected the performance of the subsidiary, on 31 December 2022, an agreement was reached between the Company and the vendors to revise the payment schedule for the purchase consideration and the profit guarantee period being revised to the period from 1 January 2022 and expiring on 31 December 2023.

*** The acquisition was completed on 14 October 2020. Based on the share purchase agreement and shareholders agreement dated 6 October 2020 and 25 November 2020, the vendors remain responsible for the management and the business affairs of HKAB. A profit guarantee is provided by the vendors that a minimum profit after taxation of the Company for the first financial year of USD2,500,000 (equivalent to approximately RM10,975,000). The target date to achieve the guaranteed profit shall be 12 months upon completion. In the event of a shortfall in the guaranteed profit, the purchase consideration shall be reduced proportionately by the difference between the Guaranteed Profit and the actual profit.

On 31 December 2020, an agreement was reached between the Company and the vendors to revise the payment schedule for the purchase consideration and the profit guarantee period to 1 January 2021 and expiring on 31 December 2021.

Due to the strict Zero-Covid Policy which caused prolonged travel restrictions in China, HKAB was unable to rollout the relevant contracts as originally planned. In view of such unforeseen circumstances, the Company and the vendors, had on 31 December 2021 agreed to extend the profit guarantee period to 31 December 2022 and on 19 December 2022, a further extension to 31 December 2023 was concluded on the profit guarantee period. As a gesture of goodwill, the vendors further agree to defer the full settlement of the purchase consideration to a date falling on or before 31 December 2024.

- (3) The details of the recipients of the other amount borrowed by the Company from TAP are as follows:

Recipient	Amount received RM'000	Purpose
TPI	890	Performance bond for a technology development and support contract
TXB	481	Cash reserve for working capital and/or business contingencies use

- (4) As at LPD, the Company has repaid RM1,236,853 from total amount owing to TAP.

(ii) DSC

DSC was incorporated in Malaysia on 7 August 2000 as a private limited company. The share capital of DSC is RM750,000 comprising of 750,000 ordinary shares. DSC is principally involved in the business of providing management consultancy services.

As at the LPD, the director and shareholder of DSC are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Jaleeludeen Bin Abu Baker	Director	Malaysian	750,000	100	-	-

DSC is neither:

- (i) an interested major shareholder of TXB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of TXB.

None of the director or shareholder of DSC are:

- (i) an interested director or interested major shareholder of TXB; or
- (ii) a person connected to the interested director, major shareholder or chief executive of TXB.

Details of the amount owing to DSC

The total amount of debt owing by the Company to DSC as at LPD is RM1,814,500 arising from a loan agreement dated 3 June 2022 entered into between TXB and DSC.

Pursuant to the Capitalisation Agreement 2 and Supplemental Capitalisation Agreement 2, TXB shall capitalise the debt owing to DSC of RM1,814,500. The details of the debt owing by the Company to DSC are as follows:

Period	Purpose	Amount (RM)
Since 17 June 2022	Repayment of debt ⁽¹⁾	4,000,000
17 April 2023	Repayment to DSC	(2,185,500)
	Interest portion	-
Total		<u>1,814,500</u>

Notes:

- (1) The Company utilised the amount borrowed from DSC to partially repay the outstanding purchase consideration owed by the Company to the vendors of Touchpoint International Sdn Bhd.
- (2) The details of payment to vendors of acquiree companies with the amount borrowed by the Company from DSC are as follows:

Vendor	Amount owing to vendor as at 17 June 2022 RM'000	Amount paid with debt borrowed from TAP RM'000	Amount paid with debt from DSC RM'000	Amount paid with debt from GIP RM'000	Amount paid with internal funds RM'000	Balance amount owing as at LPD RM'000	Status of completion of acquisition
Touchpoint International Sdn Bhd	25,260	21,260	4,000	-	-	-	Completed on 19 December 2019*

* The acquisition was completed on 19 December 2019. Additionally, the vendors of TPI had on 31 December 2022 provided written consent to defer the balance purchase consideration to a date falling on or before 30 June 2024.

(iii) CKS

CKS is a Malaysian aged 45.

CKS is neither:

- (i) an interested director, interested major shareholder or interested chief executive of TXB; nor
- (ii) a person connected with the director, major shareholder or chief executive of TXB.

Details of the amount owing to CKS

The total amount of debt owing by the Company to CKS as at LPD is RM2,520,000 arising from 2 loan agreements dated 3 June 2022 (RM1,500,000) and 26 August 2022 (RM1,020,000) entered into between TXB and CKS.

Pursuant to the Capitalisation Agreement 3 and Supplemental Capitalisation Agreement 3, TXB shall capitalise the debt owing to CKS of RM2,520,000. The details of the debt owing by the Company to CKS are as follows:

Period	Purpose	Amount (RM)
Since 15 June 2022	Working capital requirements	2,520,000
	Interest portion	-
Total		2,520,000

The details of the recipients of the amount borrowed by the Company from CKS are as follows:

Recipient	Amount received RM'000	Purpose
Craveat International Sdn Bhd	1,020	Working capital such as business rental, staff cost, payment to suppliers
TXB	1,500	Cash reserve for working capital and/or business contingencies use

(iv) TSS

TSS is a Malaysian aged 42.

TSS is neither:

- (i) an interested director, interested major shareholder or interested chief executive of TXB; nor
- (ii) a person connected with the director, major shareholder or chief executive of TXB.

Details of the amount owing to TSS

The total amount of debt owing by the Company to TSS as at LPD is RM1,500,000 arising from a loan agreement dated 3 June 2022 entered into between TXB and TSS.

Pursuant to the Capitalisation Agreement 4 and Supplemental Capitalisation Agreement 4, TXB shall capitalise the debt owing to TSS of RM1,500,000. The details of the debt owing by the Company to TSS are as follows:

Period	Purpose	Amount (RM)
Since 15 June 2022	Working capital requirements ⁽¹⁾	1,500,000
	Interest portion	-
Total		<u>1,500,000</u>

Note:

- (1) The Company utilised the amount borrowed from TSS is for business rental, staff cost, payment to suppliers and professional fees of TXB.

(v) AOF I

AOF I (CT 308364) is an open-ended fund incorporated as an exempted company with limited liability under the Companies Law (2018 Revision) of Cayman Islands. B.W.I and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2861, Grand Cayman KY1-1111 Cayman Islands.

AOF I is currently managed by ZICO Asset Management Pte. Ltd., a holder of a capital markets services license who is licensed to conduct activities regulated under the Securities and Futures Act (Chapter 289), Singapore and has been appointed by AOF I to serve as the discretionary investment manager of all its investments.

AOF I invests in a variety of financial instruments including but not limited to investing in quoted securities through a private unlisted debt-to-equities convertible instrument such as redeemable convertible notes in Malaysia.

AOF I is neither:

- (i) an interested major shareholder of TXB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of TXB.

None of the directors or shareholders of AOF I are:

- (i) an interested director or interested major shareholder of TXB; or
- (ii) a person connected to the interested director, major shareholder or chief executive of TXB.

Details of the amount owing to AOF I

The total amount of debt owing by the Company to AOF I as at LPD is RM1,500,000 arising from a loan agreement dated 15 June 2022 entered into between TXB and AOF I.

Pursuant to the Capitalisation Agreement 5 and Supplemental Capitalisation Agreement 5, TXB shall capitalise the debt owing to AOF I of RM1,500,000. The details of the debt owing by the Company to AOF I are as follows:

Period	Purpose	Amount (SGD)	⁽¹⁾Amount (RM)
Since 23 June 2022	Working capital requirements	472,350	1,500,000
	Interest portion	-	-
Total		472,350	1,500,000

Note:

- (1) Based on the exchange rate of SGD1.0000 : RM3.1756 being the prevailing exchange rates as at 20 June 2022, as published by Monetary Authority of Singapore.

The details of the recipients of the amount borrowed by the Company from AOF I are as follows:

Recipient	Amount received RM'000	Purpose
Wavetree Technologies Sdn Bhd	1,215	Purchase of hardware and software that the Company uses in the implementation of its solutions and services
TXB	285	Cash reserve for working capital and/or business contingencies use

(vi) AOF

AOF (CT 168559) is a company incorporated under the Companies Law (2018 Revision) of Cayman Islands. B.W.I as an exempted company with limited liability and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2861, Grand Cayman KY1-1111 Cayman Islands.

AOF manages its own funds and investment portfolios and invests in a variety of financial instruments including but not limited to investing in quoted securities through a private unlisted debt-to-equities convertible instrument such as redeemable convertible notes in Malaysia.

AOF is neither:

- (i) an interested major shareholder of TXB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of TXB.

None of the directors or shareholders of AOF are:

- (i) an interested director or interested major shareholder of TXB; or
- (ii) a person connected to the interested director, major shareholder or chief executive of TXB.

Details of the amount owing to AOF

The total amount of debt owing by the Company to AOF as at LPD is RM500,000 arising from a loan agreement dated 15 June 2022 entered into between TXB and AOF.

Pursuant to the Capitalisation Agreement 6 and Supplemental Capitalisation Agreement 6, TXB shall capitalise the debt owing to AOF of RM500,000. The details of the debt owing by the Company to AOF are as follows:

Period	Purpose	Amount (SGD)	(1)Amount (RM)
Since 21 June 2022	Working capital requirements ⁽²⁾	157,450	500,000
	Interest portion	-	-
Total		157,450	500,000

Notes:

- (1) Based on the exchange rate of SGD1.0000 : RM3.1756 being the prevailing exchange rates as at 20 June 2022, as published by Monetary Authority of Singapore.
- (2) The Company utilised the amount borrowed from AOF is for business rental, staff cost, payment to suppliers and professional fees of TXB.

(vii) GIP

GIP was incorporated in Malaysia on 17 April 2013 as a private limited company. The share capital of GIP is RM100 comprising of 100 ordinary shares. GIP is principally involved in the business of building construction work and renovation works, investment in property, shares, stock and debentures.

As at the LPD, the director and shareholder of GIP are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Wong Guan Siew	Director	Malaysian	50	50	-	-
Tan Yi Sin	Director	Malaysian	50	50	-	-

GIP is neither:

- (i) an interested major shareholder of TXB; nor
- (ii) a person connected to the director, major shareholder or chief executive of TXB.

None of the directors or shareholders of GIP are:

- (i) an interested director or interested major shareholder of TXB; or
- (ii) a person connected to the director, major shareholder or chief executive of TXB.

Details of the amount owing to GIP

The total amount of debt owing by the Company to GIP as at LPD is RM5,000,000 arising 3 March 2023 entered into between TXB and GIP.

Pursuant to the Capitalisation Agreement 7, TXB shall capitalise the debt owing to GIP of RM5,000,000. The details of the debt owing by the Company to GIP are as follows:

Period	Purpose	Amount (RM)
Since 6 March 2023	Repayment of debt ⁽¹⁾	5,000,000
	Interest portion	-
Total		5,000,000

Notes:

- (1) The Company utilised the amount borrowed from GIP to partially repay the outstanding purchase consideration owed by the Company to the vendors of Wavetree PLT.
- (2) The details of payment to vendors of acquiree companies with the amount borrowed by the Company from GIP are as follows:

Vendor	Amount owing to vendor as at 17 June 2022 RM'000	Amount paid with debt borrowed from TAP RM'000	Amount paid with debt from DSC RM'000	Amount paid with debt from GIP RM'000	Amount paid with internal funds RM'000	Balance amount owing as at LPD RM'000	Status of completion of acquisition
Wavetree PLT	35,000	1,740	-	5,000	-	28,260	Completed on 19 December 2019*

* The acquisition was completed on 19 December 2019. Additionally, the vendors of Wavetree PLT had on 31 December 2022 provided written consent to defer the timeframe of the payment of the balance purchase consideration to a date falling on or before 30 June 2024.

2.2.2 Basis of arriving at the Settlement Issue Price for the Settlement Shares

The Settlement Issue Price has been fixed by the Board at RM0.0136, after taking into consideration the following:

- (i) the 5D-VWAMP of TXB Shares up to and including the Announcement LPD. The discount represents approximately 9.93% or RM0.0015 to the 5D-VWAMP of TXB Shares up to and including the Announcement LPD of RM0.0151;
- (ii) the 9.93% discount was arrived at after taking into consideration of the followings:
 - (a) deficit net tangible assets of the Company based on the unaudited financial position of the Company as at 31 December 2022 of RM0.0053 per Share; and
 - (b) the Company triggering the prescribed criteria pursuant to Paragraph 8.04(2) and Paragraph 2.1(a) of Practice Note 17 ("PN17") of the Listing Requirements as at 14 April

2023 (being the date of which the Settlement Issue Price of Capitalisation Agreement 1 to 6 was varied from RM0.0275 to RM0.0136 via the Supplemental Capitalisation Agreements and the date of the Capitalisation Agreement 7 was entered into). Nevertheless, the Company had on 1 June 2023 announced that TXB has no longer trigger any of the prescribed criteria pursuant to Paragraph 8.04(2) and Paragraph 2.1(a) of PN17;

- (iii) willingness of Creditors to voluntarily accrue their own funds as timely advances to meet the immediate funding requirements of TXB on an interest-free basis; and
- (iv) the Creditors had agreed to forgo receiving cash as repayment and instead will be investing in the future of TXB by holding equity in TXB. As such, the Creditors are exposed to the market risk of TXB Shares which is influenced by, amongst others, the market sentiments, the liquidity of TXB Shares, interest rate movements, volatility of the equity markets as well as our financial performance.

The Board is of the opinion that the Settlement Issue Price is reasonable after taking into consideration the above factors.

2.2.3 Ranking of the Settlement Shares

The Settlement Shares shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Settlement Shares. The Settlement Shares will be subject to the Proposed Share Consolidation and entitled for the Proposed Rights Issue with Warrants.

2.2.4 Listing of and quotation for the Settlement Shares

Approval has been obtained from Bursa Securities, vide its letter dated 14 December 2023 for the listing of and quotation for the Settlement Shares to be issued under the Proposed Debt Settlement on the Main Market of Bursa Securities.

2.2.5 Utilisation of Proceeds

The Settlement Shares are issued as settlement of the amount owing to the Creditors. As such, there will not be any gross proceeds raised from the issuance.

2.3 Details of the Proposed Share Consolidation

The Proposed Share Consolidation will be implemented after the completion of the Proposed Debt Settlement. Under the Share Consolidation Minimum Scenario, the total outstanding TXB Shares will be 4,702,545,618 Shares. In this case, upon completion of the Proposed Share Consolidation, TXB's resultant issued Shares will be 235,127,280 Consolidated Shares.

On the other hand, upon completion of the Proposed Debt Settlement and under the Share Consolidation Maximum Scenario, the total outstanding TXB Shares will increase to 5,031,752,828 Shares. In this case, upon completion of the Proposed Share Consolidation, TXB's resultant issued Shares will be 251,587,641 Consolidated Shares.

The actual number of Consolidated Shares after the Proposed Share Consolidation will be determined based on the issued share capital of the Company as at the Consolidated Shares Entitlement Date. Any fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and/or dealt with in such manner as the Board shall in its absolute discretion deems fit, expedient and in the best interest of the Company.

2.3.1 Theoretical adjusted reference price of the Consolidated Shares

The Proposed Share Consolidation will result in an adjustment to the reference price of TXB Shares, as listed and quoted on the Main Market of Bursa Securities, but will not have any impact on the total market value of the Consolidated Shares held by the Company's shareholders.

For illustration purposes, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation based on the Share Consolidation Minimum Scenario and Share Consolidation Maximum Scenario, shall be as follows:

Share Consolidation Minimum Scenario

	Closing market price/Theoretical adjusted reference price (RM)	No. of TXB Shares		Total value (RM)	
		Total outstanding	Based on 1,000 Shares	Total outstanding	Based on 1,000 Shares
As at LPD	(1)0.0100	2,214,714,736	1,000	22,147,147	10
After Proposed Debt Settlement	(1)0.0100	4,702,545,618	1,000	47,025,456	10
After the Proposed Share Consolidation	(2)0.2000	235,127,280	50	47,025,456	10

Share Consolidation Maximum Scenario

	Closing market price/Theoretical adjusted reference price (RM)	No. of TXB Shares		Total value (RM)	
		Total outstanding	Based on 1,000 Shares	Total outstanding	Based on 1,000 Shares
As at LPD	(1)0.0100	2,214,714,736	1,000	22,147,147	10
Assuming full and conversion/exercise of convertible securities	(1)0.0100	2,543,921,946	1,000	25,439,219	10
After Proposed Debt Settlement	(1)0.0100	5,031,752,828	1,000	50,317,528	10
After the Proposed Share Consolidation	(3)0.2000	251,587,641	50	50,317,528	10

Notes:

(1) Based on the last transacted market price of TXB Shares as at the LPD.

(2) The theoretical adjusted reference price is calculated as follows:

$$\begin{aligned} \text{Theoretical adjusted reference price per Share} &= \text{Market price per Share} \times \frac{\text{Total number of Existing Shares}}{\text{Total number of Consolidated Shares}} \\ &= \text{RM0.0100} \times \frac{4,702,545,618}{235,127,280} \\ &= \text{RM0.2000} \end{aligned}$$

(3) The theoretical adjusted reference price is calculated as follows:

$$\begin{aligned} \text{Theoretical adjusted reference price per Share} &= \text{Market price per Share} \times \frac{\text{Total number of Existing Shares}}{\text{Total number of Consolidated Shares}} \\ &= \text{RM0.0100} \times \frac{5,031,752,828}{251,587,641} \\ &= \text{RM0.2000} \end{aligned}$$

2.3.2 Ranking of the Consolidated Shares

The Consolidated Shares shall rank equally in all respects with each other and the rights of the Consolidated Shares shall remain unchanged from the rights of the existing TXB Shares.

2.3.3 Procedures for the implementation of the Proposed Share Consolidation

No suspension will be imposed on the trading of TXB Shares on the Main Market of Bursa Securities for the purpose of implementing the Proposed Share Consolidation. The Consolidated Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Consolidated Shares Entitlement Date.

The notices of allotment of the Consolidated Shares will be issued and despatched to the entitled shareholders within four (4) market days after the listing of and quotation for the Consolidated Shares on the Main Market of Bursa Securities.

2.4 Details of the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will be implemented after the completion of Proposed Share Consolidation. Based on the Share Consolidation Maximum Scenario and Maximum Subscription Level, the Proposed Rights Issue with Warrants would entail an issuance of up to 251,587,641 Rights Shares to the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) on the basis of 1 Rights Share for every 1 Consolidated Share held, together with up to 251,587,641 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for by the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) on the Rights Shares with Warrants Entitlement Date. Based on the Indicative Rights Issue Price of RM0.1300 per Rights Share, the Proposed Rights Issue with Warrants will raise a total gross proceeds of RM32,706,393.

However, based on the Share Consolidation Minimum Scenario, the Proposed Rights Issue with Warrants would entail an issuance of up to 235,127,280 Rights Shares and 235,127,280 Warrants to the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) on the basis of 1 Rights Share for every 1 Consolidated Share held and 1 Warrant for every 1 Rights Share subscribed for on the Rights Shares with Warrants Entitlement Date.

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level to raise minimum gross proceeds of RM7.00 million which is derived from the Undertaking.

The basis of 1 Rights Share for every 1 Consolidated Share held, together with 1 Warrant for every 1 Rights Share subscribed for was arrived at after taking into consideration, amongst others, the following:

- (i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in Section 2.4.6 of this Circular; and
- (ii) pursuant to Paragraph 6.50 of the Listing Requirements which states that the number of new Shares which will arise from the exercise or conversion of all outstanding convertible equity securities (i.e. warrants and convertible preference shares (if any)) does not exceed 50.00% of the total number of issued Shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants to be issued will depend on the eventual subscription level for the Proposed Rights Issue with Warrants.

For avoidance of doubt, the Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Rights Shares with Warrants Entitled Shareholders may subscribe for and/or renounce their respective entitlements to the Rights Shares with Warrants in full or in part.

2.4.1 Basis of determining the issue price of the Rights Shares and exercise of the Warrants

(i) Rights Shares

The issue price of the Rights Shares will be determined and announced by the Board at a later date, after taking into consideration, amongst others, the following:

- (a) the funding requirements of the Group as set out in Section 2.4.6 of this Circular;
- (b) the TEAP of the Theoretical Adjusted 5D-VWAMP of TXB Shares up to and including the last trading day prior to the price-fixing date; and
- (c) the rationale for the Proposed Rights Issue with Warrants as set out in Section 4 of this Circular.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount between 30.00% to 50.00% to the TEAP of the TXB Shares based on the Theoretical Adjusted 5D-VWAMP up to and including the last trading day prior to the price-fixing date. The intended range of discount was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the proposed utilisation as set out in Section 2.4.6 of this Circular.

Further, for illustration purposes only and considering the Theoretical Adjusted 5D-VWAMP up to and including the LPD of RM0.2460 (computed based on the 5D-VWAMP of RM0.0123 as at the LPD adjusted for the Proposed Share Consolidation), the Indicative Rights Issue Price for each Rights Share is RM0.1300, representing a discount of approximately 30.48% to the TEAP of Consolidated Shares of RM0.1870.

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Illustration of the derivation of TEAP

$$TEAP = \frac{(P \times Y) + (X \times Z) + (X \times \frac{W}{Q} \times Ep)}{Y + X + (X \times \frac{W}{Q})}$$

Where:

P	=	Theoretical Adjusted 5D-VWAMP up to and including the LPD
X, Q	=	Number of Rights Shares based on Maximum Subscription Level
Y	=	Total number of Consolidated Shares based on Share Consolidation Maximum Scenario
Z	=	Indicative Rights Issue Price
W	=	Number of Warrants attached to Rights Shares
Ep	=	Exercise price of Warrants

Assumptions:

Rights ratio	=	1:1 (1 Rights Share for every 1 Consolidated Share)
Warrants ratio	=	1:1 (1 Warrant for every 1 Rights Share subscribed)

As such, the calculation of TEAP is as follows:

$$TEAP = \frac{(0.2460 \times 251,587,641) + (0.1300 \times 251,587,641) + (251,587,641 \times \frac{251,587,641}{251,587,641} \times 0.1850)}{251,587,641 + 251,587,641 + (251,587,641 \times \frac{251,587,641}{251,587,641})}$$

$$TEAP = 0.1870$$

(ii) Warrants

The exercise price of the Warrants shall be determined and announced by the Board at a later date after taking into consideration, amongst others, the TEAP of TXB Shares based on the Theoretical Adjusted 5D-VWAMP up to and including the last trading day prior to the price-fixing date and funding requirements of the Company.

In any event, the discount of the exercise price of the Warrants shall be in the range of 0.00% to 20.00% to the TEAP of the TXB Shares based on the Theoretical Adjusted 5D-VWAMP of TXB Shares up to and including the price fixing date. The above range of discount was determined after taking into consideration, among others, the following:

- (i) the prevailing market conditions and the historical trading prices of TXB Shares;
- (ii) the Board's intention to enhance the attractiveness of the Warrants which may act as a sweetener for the subscription of the Rights Shares; and
- (iii) the Board's intention to enhance the attractiveness of the exercise price of the Warrants to encourage the exercise of the Warrants which will provide TXB with additional capital for the future growth of the Company taking into consideration of the Prospects of TXB Group as stipulated under Section 5.6 of this Circular.

For illustrative purposes, the indicative exercise price of the Warrants is RM0.1850 per Warrant, which represents a discount of approximately 1.07% to TEAP of RM0.1870.

The Board wishes to emphasise that the indicative exercise price of the Warrants should not be taken as an indication of or reference to the actual exercise price of the Warrants, which will be determined and announced at the price-fixing date.

2.4.2 Entitlements to the Rights Shares with Warrants

The Rights Shares with Warrants will be provisionally allotted to the Rights Shares with Warrants Entitled Shareholders. In determining the shareholders' entitlements to the Rights Shares with Warrants, fractional entitlements, if any, will be disregarded and dealt with in such manner as the Board in its sole and absolute discretion deems fit and expedient, and in the best interest of the Company.

For avoidance of doubt, the Warrant is attached to the Rights Share without cost to the Rights Shares with Warrants Entitled Shareholders and renounee(s). The Proposed Rights Issue with Warrants is renouneable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately on the Main Market of Bursa Securities. Accordingly, the Rights Shares with Warrants Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The renunciation of the Rights Shares by the Rights Shares with Warrants Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. If the Rights Shares with Warrants Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the number of Warrants in proportion to the Rights Shares they have accepted. The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by TXB.

Any Rights Shares with Warrants which are not subscribed or validly subscribed shall be made available for excess application by the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of the Board to allocate the excess Rights Shares with Warrants, if any, in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

2.4.3 Minimum Subscription Level, undertakings and underwriting arrangement

The Company intends to raise minimum gross proceeds of RM7.00 million from the Proposed Rights Issue with Warrants after taking into consideration, amongst others, the funding requirements of our Group as set out in Section 2.4.6 of this Circular. In view of the foregoing, the Company has procured the Undertaking from its Undertaking Shareholder, DSC, subject to amongst others, the following conditions:

- (i) DSC will subscribe or procure the subscription of at least RM7.00 million (through DSC's entitlement and/or excess Rights Shares application) pursuant to the Proposed Rights Issue with Warrants; and
- (ii) DSC further undertake that it will not dispose of or otherwise reduce the Settlement Shares to be allotted to DSC in relation to the Proposed Debt Settlement in any manner until the Rights Shares with Warrants Entitlement Date for the Proposed Rights Issue with Warrants.

Pursuant to the Proposed Debt Settlement, DSC will be the shareholder of TXB after the allotment of Settlement Shares and therefore will be entitled to the Rights Shares with Warrants. DSC will subscribe in full for its entitlement under the Proposed Rights Issue with Warrants and additional Rights Shares with Warrants not taken up by other Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) by way of excess Rights Shares with Warrants application, to the extent such that the aggregate subscription proceeds of the Rights Shares with Warrants received by the Company are at least RM7.00 million.

For illustrative purposes, assuming none of the other Rights Shares with Warrants Entitled Shareholders subscribe for their entitlement of the Rights Shares with Warrants, the total number of Rights Shares with Warrants to be subscribed by the Undertaking Shareholder (based on the Indicative Rights Issue Price) to achieve the Minimum Subscription Level are 53,846,154 Rights Shares. However, should the actual issue price be higher or lower than the Indicative Rights Issue Price, the total number of Rights Shares with Warrants and excess Rights Shares with Warrants to be subscribed will be

adjusted correspondingly such that the Company will raise a minimum of RM7.00 million to achieve the Minimum Subscription Level.

In the event the Minimum Subscription Level is not achieved, the Proposed Rights Issue with Warrants will be terminated and all consideration received for the Rights Shares with Warrants will be immediately returned to all subscribers of the Rights Shares with Warrants.

The details of the Undertaking are as follows:

	Existing shareholdings as at LPD		After the Proposed Capital Reduction and Proposed Debt Settlement		After Proposed Share Consolidation	
	No. of Shares	%	No. of Shares	⁽¹⁾ %	No. of Shares	⁽²⁾ %
DSC	-	-	133,419,118	2.84	6,670,955	2.84

	Undertaking					
	Entitlement under the Proposed Rights Issue with Warrants			Excess Rights Shares to be subscribed pursuant to the Undertaking		
	No. of Shares	⁽³⁾ %	No. of Warrants	No. of Shares	⁽³⁾ %	No. of Warrants
DSC	6,670,955	12.39	6,670,955	47,175,199	87.61	47,175,199

Notes:

- (1) Based on the issued share capital of 4,702,545,618 Shares after the Proposed Capital Reduction and Proposed Debt Settlement.
- (2) Based on the issued share capital of 235,127,280 Shares after the Proposed Share Consolidation under Share Consolidation Minimum Scenario.
- (3) Based on the total number of 53,846,154 Rights Shares to be issued pursuant to the Minimum Subscription Level.

DSC had, vide its letter of Undertaking, confirmed that:

- (i) it has sufficient financial resources for the subscription of Rights Shares with Warrants of RM7.00 million and will continue to have sufficient financial resources based on the final issue price of Rights Shares to be determined later;
- (ii) its Undertaking will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules issued by the SC immediately after completion of the Proposed Rights Issue with Warrants; and
- (iii) it will observe and comply at all times with the provision of the Code and the Rules and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

M&A Securities has verified the sufficiency of financial resources of DSC for the purpose of subscribing for the Rights Shares with Warrants and excess Rights Shares with Warrants pursuant to the Undertaking.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25.00% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares with Warrants not subscribed for by other Rights Shares with Warrants Entitled Shareholders.

2.4.4 Ranking of the Rights Shares and the new TXB Shares to be issued arising from the exercise of the Warrants

The Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with each other and with the then existing TXB Shares in issue, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares.

The new TXB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing TXB Shares, save and except that the new TXB Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new TXB Shares.

2.4.5 Listing of and quotation for the Rights Shares, Warrants and the new TXB Shares to be issued arising from the exercise of the Warrants

Approval has been obtained from Bursa Securities, vide its letter dated 14 December 2023 for the admission of the Warrants to the Official List of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants and new TXB Shares to be issued from the exercise of the Warrants on the Main Market of Bursa Securities.

2.4.6 Utilisation of proceeds

For illustration purpose, based on the Indicative Rights Issue Price of RM0.1300 per Rights Share, the gross proceeds are expected to be raised and utilised in the following manner:-

Minimum Scenario : Assumption based on:

- (a) issued share capital of the Company of RM1,224,219,163 comprising 2,214,714,736 Shares as at the LPD;
- (b) reduction of RM1,199,734,780 share capital pursuant to the Proposed Capital Reduction will be credited to the accumulated losses account of TXB;
- (c) issuance of 2,487,830,882 Settlement Shares at the Settlement Issue Price pursuant to the Proposed Debt Settlement;
- (d) Share Consolidation Minimum Scenario, whereby none of the Existing ESOS Options and Balance ESOS Options are granted and/or exercised into new TXB Shares prior to the Consolidated Shares Entitlement Date; and
- (e) Minimum Subscription Level, whereby the Proposed Rights Issue with Warrants will be undertaken to raise minimum gross proceeds of RM7.00 million which entails the issuance of 53,846,154 Rights Shares based on the Indicative Rights Issue Price and 53,846,154 Warrants based on the indicative exercise price of RM0.1850 per Warrant.

Maximum Scenario : Assumption based on:

- (a) issued share capital of the Company of RM1,224,219,163 comprising 2,214,714,736 Shares as at the LPD;
- (b) reduction of RM1,199,734,780 share capital pursuant to the Proposed Capital Reduction will be credited to the accumulated losses account of TXB;
- (c) issuance of 2,487,830,882 Settlement Shares at the Settlement Issue Price pursuant to the Proposed Debt Settlement;
- (d) Share Consolidation Maximum Scenario, whereby all of the 134,000,000 Existing ESOS Options and 195,207,210 Balance ESOS Options are granted and/or exercised into new TXB Shares at exercise price of RM0.0703 and indicative exercise price of RM0.0120 (representing discount of approximately 2.44% to the 5D-VWAMP of TXB Shares as at the LPD of RM0.0123), respectively prior to the Consolidated Shares Entitlement Date; and
- (e) Maximum Subscription Level, whereby the Proposed Rights Issue with Warrants entails the issuance of 251,587,641 Rights Shares based on the Indicative Rights Issue Price and 251,587,641 Warrants based on the indicative exercise price of RM0.1850 per Warrant.

Details of utilisation	Utilisation timeframe (from the date of listing of the Rights Shares)	Notes	Minimum Scenario RM'000	Maximum Scenario RM'000
Development and enhancement of smart tourism platform	Within 36 months	(i)	2,000	8,000
Agriculture and aquaculture IoT platform	Within 18 months	(ii)	1,000	6,000
Working capital requirements	Within 12 months	(iii)	2,800	17,506
Expenses for the Proposals	Within 1 month	(iv)	1,200	1,200
Total			7,000	32,706

Notes:

(i) Development and enhancement of smart tourism platform

The Smart Tourism platform is a comprehensive software solution that aggregates revenue management, ticketing and booking, payment processing, and data analytics functionality for the tourism industry. The solution is targeted at national and state-level tourism authorities, as well as large business operators involved in the tourism industry.

The details of the breakdown for utilisation of proceeds are as follows:

Details of utilisation	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Research, development and manufacturing of hardware equipment	500	1,500
Software platform development and integration	1,000	4,000
Sales and marketing expenses	500	2,500
Total	2,000	8,000

In the Minimum Scenario, the allocation of the budget will support the development and commercialisation of a minimal viable product (such as Revenue Management System and Digital Secured Ticketing that will help digitalise client's entire revenue collection and management system including online and onsite ticketing, facility and amenities reservations as well as integration with client's existing system) that will cater to a more targeted subsegment of the addressable market.

Whereas in the Maximum Scenario, parallel R&D and software development will accelerate the commercial readiness of multiple variants of the product (by introducing additional technology elements, such as data analytics and IoT capabilities to further enhance the efficiency of the platform), as well as the ability to simultaneously execute the sales and marketing strategy targeting multiple subsegments of the market, thereby compressing the timeline for capturing the market share and generating revenue.

As at LPD, the Company had completed the software platform development and integration with its hardware with an approximate investment of RM1.0 million. The estimated total cost of the platform is RM2.8 million under the Minimum Scenario and up to RM5.5 million under the Maximum Scenario and the company plans to fund any balance amount with its internally generated funds.

(ii) Agriculture and aquaculture IoT platform

The agriculture and aquaculture IoT Platform will be offered as both a turnkey solution as well as a subscription service model. The platform includes components such as customised IoT sensor hardware, wireless network modules and cloud-based software platform. The platform solution is expected to generate revenue from sales of hardware, sales and licensing of software, as well as recurring subscription fees. The platform will be developed to cater to mid to large scale agriculture operators, whereby the former will be the focus of a generic subscription-based cloud hosted solution with the option of self-installation of provided hardware devices, whereas the large-scale customers will be the focus for turnkey solution projects with bespoke business and technical requirement specifications.

The details of the breakdown for utilisation of proceeds are as follows:

Details of utilisation	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Development of hardware for a subscription-based industrial IoT platform:		
- Design and development, prototyping and field testing of various sensors and communication modules	250	1,600
- Production of the resultant IoT sensor devices, including testing and certification	200	1,200

Details of utilisation	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Enhancement of Sensorhub, the cloud software platform component of the IoT solution that performs data, device and network management, with artificial intelligence and machine learning capabilities:		
- Research and software development, including hiring in-house data scientists and engineers	200	1,200
- Acquisition of and subscription to cloud computing infrastructure to support the commercial roll out of the industrial IoT platform	150	1,000
Product branding, sales and marketing of the industrial IoT platform, including advertising, trade shows and exhibitions	200	1,000
Total	1,000	6,000

In the Minimum Scenario, with the proceeds allocated, the Company will have the necessary resources to develop and enhance a basic agriculture and aquaculture IoT platform that meets the essential requirements. This will entail monitoring features which provides farmers with real-time fault notification and a real-time alert on crop status via mobile phone.

However, under Maximum Scenario, the additional proceeds will provide the Company the opportunities to create an improved IoT platform with enhanced features and capabilities, making it more advanced and competitive. This will include features such as cloud-based's multitenancy data storage which supports multiple users distinctively. The platform will also includes enhanced predictive analysis forecast weather and capabilities to predict crop conditions for more accurate decision-making, making it more advanced and competitive.

As at LPD, the Company is still at design development stage with its field testing of its sensor with the investment of RM180,000 for its workforce. The estimated total cost of the platform is RM1.2mil under the Minimum Scenario and up to RM6.0 million under the Maximum Scenario and the company plans to fund the any balance amount with its internally generated funds.

(iii) Working capital requirements

The Group also intends to utilise the proceeds earmarked for working capital requirements for the day-to-day operations of the Company and its subsidiaries as follows:

Details of utilisation	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Staff salaries and statutory contribution	1,000	5,500
Office administrative expenses, rental and utilities expenses	300	6,506
Rental	70	70
Refurbishment	30	30
Upgrade of operating premises for F&B business segment	1,400	5,400
Total	2,800	17,506

(iv) Expenses for the Proposals

Estimated expenses in relation to the Proposals shall include all relevant professional fees, regulatory fees, printing and advertising costs and etc.

The actual gross proceeds to be raised from the Proposed Rights Issue with Warrants will depend on the final issue price of the Rights Shares and actual number of Rights Shares issued, which shall be

determined closer to the implementation of the Proposed Rights Issue with Warrants. Any variation to the amount for items (i) (ii) and (iv) above will be adjusted to/from the portion being earmarked for the working capital requirements. In the event that the actual proceeds raised are higher than RM7.00 million, the actual proceeds raised will firstly be utilised for item (iv) followed by item (i) above. The balance, if any, will be utilised for item (ii) followed by item (iii) above.

Pending the utilisation of proceeds from the Proposed Rights Issue with Warrants, the proceeds would be placed in an interest-bearing bank account, as deposits with licensed financial institution(s) and/or in short-term money market instruments as our Board deems fit. The Company proposes to utilise such interest/profits arising from the deposits or gain arising from the short-term money market for working capital requirements as per item (iii) above.

2.4.7 Proceeds from exercise of Warrants

The exact quantum of proceeds that may be raised from the Company from the exercise of the Warrants would depend on the actual number of Warrants exercised and the exercise price of the Warrants. The proceeds from the exercise of Warrants will be received on an "as and when basis" over the tenure of Warrants.

Assuming an exercise price of the Warrants of RM0.1850 each, the full exercise of the Warrants will raise up to RM9.96 million (under the Minimum Scenario) and RM46.54 million (under the Maximum Scenario).

Any proceeds arising from the exercise of the Warrants in the future shall be utilised for capital expenditure and/or working capital of TXB. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined. Pending utilisation of such proceeds, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. Interest derived from such deposits or gains from such money market instruments will be used as additional working capital for the Group.

2.4.8 Indicative salient terms of the Warrants

The indicative salient terms of the Warrants are set out as follows:

Terms	Details
Issue size	: Up to 251,587,641 Warrants.
Board lot	: The Warrants shall be tradable upon listing on Bursa Securities in board lots of 100 Warrants carrying the Exercise Rights during the Exercise Period to subscribe for 100 new Shares or such other denominations as permitted by Bursa Securities from time to time.
Exercise Date	: The date on which a duly completed Exercise Form(s) in exercise of the Exercise Rights represented therein is received by the Registrar, with the Exercise Price and otherwise in accordance with the Deed Poll, provided that if such rights are exercised during a period when the register of members is closed or if that is not a market day, the Exercise Date will be the next following market day on which the Registrar is open or at the close of business at 5.00 p.m. in Malaysia on a date being 5 years from the date of first issue of the Warrants, whichever date first occurs.
Exercise Form	: The form for exercising Exercise Rights as shall be approved by Bursa Depository and the Company from time to time, substantially in the form set out in the Deed Poll.
Exercise Period	: The period commencing on and including the Issue Date and ending at the close of business at 5.00 p.m. on the Expiry Date in accordance with the procedure set out by the Deed Poll and/or the laws. Any Warrant(s) not exercised during the Exercise Period will thereafter lapse and cease to be valid.

Terms	Details
Exercise Price	<p>: The exercise price of the Warrants shall be determined and fixed by the Board and announced at a later date, after obtaining the relevant approvals but before the announcement of the Rights Shares with Warrants Entitlement Date.</p> <p>Kindly refer to Section 2.4.1(ii) for the basis of determining the Exercise Price.</p>
Exercise Rights	: The entitlement of Warrant Holder(s) to subscribe for 1 new TXB Share at the Exercise Price, at any time during the Exercise Period, upon the terms of and subject to the conditions as set out in the Deed Poll.
Expiry Date	: The day falling immediately before the 5th anniversary of the Issue Date, and if such date is not a market day immediately preceding the said non-market day.
Listing of Warrants	: The Warrants and the new TXB Shares to be issued pursuant to the exercise of the Warrants will be listed and traded on the Main Market of Bursa Securities.
Ranking of the new TXB Shares	: The new Shares to be issued arising from the exercise of the Exercise Rights represented by the Warrants, shall upon allotment and issuance rank equally in all respects with the existing TXB Shares, save and except that the new Shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new Shares.
Adjustment of the Exercise Price and Exercise Rights	<p>: The Exercise Price and the number of Warrants shall from time to time be adjusted, calculated or determined by the directors in consultation with the approved adviser and certified by the Auditors in accordance with the provisions as contained in the Deed Poll. Accordingly, upon and subject to the Deed Poll, the Exercise Price and the number of Warrants will be adjusted in all or any of the following cases:-</p> <ul style="list-style-type: none"> (a) any consolidation of TXB Shares, subdivision of TXB Shares or conversion of TXB Shares; or (b) an issue by the Company of TXB Shares credited as fully issued by way of capitalisation of profits or reserves; or (c) a capital distribution to shareholders made by the Company whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or (d) an offer or invitation to shareholders made by the Company to its shareholders whereunder they may acquire or subscribe for TXB Shares by way of rights; or (e) an offer or invitation to shareholders made by the Company by way of rights whereunder they may acquire or subscribe for securities convertible into or with rights to acquire or subscribe for TXB Shares.
Transferability	: The Warrants shall be transferable in accordance with the Central Depositories Act and the Rules, no person shall be recognised by the Company as having title to a Warrant entitling the Warrant Holder thereof to subscribe for a fractional part of a new Share or otherwise than as the holder of the entirety of such new Shares. Each Warrant Holder shall be deemed to remain the registered holder of the Warrant registered in his name until the name of the transferee is entered into the Record of Depositors in the manner provided under the Central Depositories Act and the Rules.

Terms	Details
Modification	: Any modification to the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental thereto, and only if the requirement of the Deed Poll has been complied with. Any of such modification shall however be subject to the approval of the Warrant Holders.
Modification by the Company	: The Company in consultation with an approved adviser, may from time to time without the consent or sanction of the Warrant Holder(s) make any modification (except to provisions for convening meetings of the Warrant Holders) to the Deed Poll which will not be materially prejudicial to the interest of the Warrant Holders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia.
Rights of the Warrants	: The Warrant Holders shall not be entitled to any dividends, rights and allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the new Shares arising from the exercise of their Warrants pursuant to the Exercise Rights. The Warrant Holders shall not be entitled to voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant Holders are issued with new Shares arising from the exercise of their Warrants pursuant to the Exercise Rights.
Winding-up, compromise and arrangement	: If, whilst any Warrants remain capable of being exercised, a resolution is passed for a members' voluntary winding up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:- <ul style="list-style-type: none"> <li style="margin-top: 10px;">(a) if such winding up, compromise or scheme of arrangement has been approved by the Warrant Holders, or some person designated by them for such purpose by special resolution, are to be a party, the terms of such winding up, compromise or scheme of arrangement shall be binding on all the Warrant Holders; and <li style="margin-top: 10px;">(b) in any other case every Warrant Holder shall be entitled upon and subject to the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (but in both cases, not later than the end of the Exercise Period) by irrevocable surrender of the Exercise Form(s) to the Company duly completed together with payment of the relevant Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Warrants pursuant to the Exercise Rights represented by such Warrants to the extent specified in the Exercise Form(s) and had on such date been the holder of the TXB Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrant Holders within 7 days after the passing of any such resolution or the granting of the order in accordance with the Deed Pool. For the avoidance of doubt, the Exercise Date shall be deemed to have occurred on the day immediately preceding the date of such resolution or the granting of the order.
Governing law	: The Deed Poll is governed by and shall be construed in accordance with the laws of Malaysia. The Company and Warrant Holders irrevocably agree that with respect to any proceedings in Malaysia in connection with any matter or issue relating to the Deed Poll, it shall be bound by any such appeal to, or any decision, ruling or order of the Malaysian Courts.

3. DETAILS OF EQUITY FUND-RAISING EXERCISES UNDERTAKEN IN THE PAST

Save as disclosed below, there is no other fund-raising exercise undertaken by TXB during the FYE 2020 up to the date of this Circular.

(i) RCN

On 5 September 2019, the shareholders of the Company approved the issuance of RCN with an aggregate principal amount up to RM150,000,000 at an EGM which is convertible into a maximum 833,333 new Shares ("Maximum RCN Conversion Shares") with minimum conversion price of RM0.18 which was subsequently revised to RM0.10 ("Minimum Conversion Price") on 11 November 2019 through a supplementary agreement and approved by shareholders of the Company on 5 March 2020. The RCN has expired on 11 November 2022 with no intention for renewal following the announcement by the Company on 11 November 2022. As at the LPD, 50 sub-tranches under tranche 1 of the RCN amounting to RM50,000,000 and 19 sub-tranches under tranche 2 of the RCN amounting to RM19,000,000 have been issued. The details are as follows:

	Total principal amount allowed for issue	Issued RCN		RCN converted to new Shares		RCN redeemed		Outstanding RCN		Unissued RCN	
		RM	No.	RM	No.	RM	No.	RM	No.	RM	No.
Tranche 1	50,000,000 (50 sub-tranches)	50,000,000	500,000,000	48,000,000	480,000,000	2,000,000	20,000,000	-	-	-	-
Tranche 2	50,000,000 (50 sub-tranches)	19,000,000	190,000,000	19,000,000	190,000,000	-	-	-	-	-	31,000,000
Tranche 3	50,000,000 (50 sub-tranches)	-	-	-	-	-	-	-	-	-	50,000,000
Total	150,000,000	69,000,000	690,000,000	67,000,000	670,000,000	2,000,000	20,000,000	-	-	-	81,000,000

The details and status of the utilisation of proceeds from the issuance of the RCN are as follows:

No.	Purposes	Proposed utilisation RM'million	Actual utilised RM'million	Note	*Expected timeframe for utilisation of proceeds
(a)	Business expansion and working capital of TPI	27.0	7.4	(1)	Within 18 months
(b)	Business expansion and working capital of Wavetree PLT	25.0	0.1	(2)	Within 18 months
(c)	Business expansion and working capital of Craveat Group within Malaysia	40.0	35.6	(4)	Within 18 months
(d)	Business expansion and working capital of Craveat Group in China	22.0	-	-	Within 1 year
(e)	Working capital for TXB's core business	26.2	21.2	(3)	Within 1 year
(f)	Estimated expenses in relation to the RCN				
	(i) Professional fees, regulatory fees, printing and advertising costs	1.6	1.0	-	Within 1 month
	(ii) Upon issuance redemption and/or implementation of the RCN which includes, inter-alia, the administrative fees and the annual fee	8.2	3.7	-	Within 2 years
	Total	150.0	69.0		

Notes:

* From the date of drawdown

(1) TXB had utilised RM7.40 million to finance the business expansion and working capital for TPI, details of which are set out below:

Utilisation of proceeds	Note	Amount utilised RM' 000
Sales force automation solution	*	
- SaaS platform development		2,000
- Sales and marketing		1,000
e-Wallet license application and related marketing activities:	**	
- License and regulatory costs		2,000
- Marketing		2,000
General working capital	***	400
Total		7,400

* One of TPI's core products is a mobile-app and cloud-based sales force automation platform, designed to provide end-to-end mobile sales force management for enterprise customers such as telcos, banks, fast-moving consumer goods and utility companies. The cloud-based sales force automation platform has key features which provides near real-time visibility into the on-site visitation performed by sales personnel, service teams, contractors, etc. The platform also includes a comprehensive work-flow management component to support customised visitation checklist and intelligence data capturing.

TPI had utilised RM1.50 million to further develop the platform into a SaaS solution in order to target SME sectors by offering a subscription-based model with self service capability. This includes the development of native mobile applications for tablets and mobile devices. A further RM0.5 million was utilised to develop integration layer with several leading customer relationship management solutions currently in the market, in order to tap into existing installed user base. A total of RM1.0 million was used for marketing and advertising, partner and channel development, and other activities to support the commercialisation of this digital solution such as social marketing and road show campaigns.

** As part of the initiative to include financial technology revenue models into existing product offering, TPI had utilised RM2.00 million on application requirements for an e-money license with the authorities, but were not successful to be listed as non-bank e-money issuer. Hence, TPI were not able to incorporate e-wallet feature in the Smart City Mobile Platform and another RM2.00 million from the proceeds had been utilised for initial marketing purpose includes branding and above-the-line marketing campaigns.

*** Utilised for working capital of TPI which include amongst others, repayment to trade creditors and other operating expenses such as utilities, administrative overheads, and office expenses which include, amongst others, computer, printers, telephone line, internet service as well as office supplies such as printer ink, stationery, furniture and other office consumables.

- (2) Utilised for working capital of Wavetree PLT which include amongst others, repayment to trade creditors and other operating expenses such as utilities, administrative overheads, and office expenses which include, amongst others, computer, printers, telephone line, internet service as well as office supplies such as printer ink, stationery, furniture and other office consumables.
- (3) A total of RM21.20 million of the proceeds had been utilised for the working capital of the Company's previous manufacturing and sales of metallurgical coke and its by-products operations which had been disposed on 26 May 2022. The working capital had been utilised in the following manner:

Utilisation of proceeds	Amount utilised RM' 000
Trade suppliers and other third party trade creditors	9,600
General operating expenses:	
- Utilities	1,000
- Staff related expenses such as staff incentives, training, safety awareness programmes, staff welfare, allowances and etc	5,000
- Administrative expenses	4,000
Other miscellaneous expenses e.g. marketing	1,600
Total	21,200

- (4) The breakdown of the utilisation as follows:

Utilisation of proceeds	Amount utilised RM' 000
Expansion of TGI Fridays restaurants/outlets in West and East Malaysia by a further 10 new outlets and re-imaging of the existing 8 outlets	26,020

**Amount utilised
RM' 000**

Utilisation of proceeds

Breakdown:

- Capital Expenditure for 7 new outlets: RM 21.4 million
- Re-imaging of the existing 2 outlets: RM3.8 million
- Premises deposits: RM0.8 million

Opening of approximately 15 Teh Tarik Place proprietary restaurants/outlets in Malaysia

Breakdown:

- Capital expenditure for 4 new outlets: RM5.6 million
- Premises deposits: RM0.2 million

Setting up of a manufacturing base for the production and distribution of Teh Tarik Place products and retailing them in the commercial market

Breakdown:

- Set up for new production facility: RM2.6 million
- Set up of distribution centre (including vehicles): RM0.4 million
- Marketing and retailing costs: RM0.8 million.

Total

35,627

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(ii) Private Placement 2021

On 14 October 2021, M&A Securities had, on behalf of the Board announced that the Company proposed to undertake a private placement of up to 169,901,200 new Shares, representing approximately 8.36% of the Company's total number of issued Shares ("**Private Placement 2021**"). The Private Placement 2021 was proposed to be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act and the "Additional Temporary Relief Measures to Listed Issuers" announced by Bursa Securities on 16 April 2020 which increased the limit prescribed under Paragraph 6.03(1) of the Listing Requirements from 10% to 20% ("**20% General Mandate**").

Bursa Securities had vide its letter dated 3 November 2021, resolved to approve the listing of and quotation for 169,901,200 placement shares to be issued pursuant to the Private Placement 2021 on the Main Market of Bursa Securities. The Private Placement 2021 was completed following the listing of and quotation for a total of 169,901,200 placement shares at the issue price of RM 0.0725 on the Main Market of Bursa Securities on 29 December 2021.

The details and status of the utilisation of proceeds from the Private Placement 2021 as at LPD are as follows:

<u>Utilisation of proceeds</u>	<u>Note</u>	<u>Actual proceeds raised RM' 000</u>	<u>Amount utilised RM' 000</u>	<u>Expected timeframe for utilisation of proceeds</u>
Working capital:				Within 12 months
- Prototype development cost for Low Voltage Drive System (" LVDS ")	(a)	4,500	4,500	
- Working capital	(b)	7,448	7,448	
Estimated expenses for the Private Placement 2021:	(c)			Within 1 month
- Principal adviser fee (inclusive of placement fee)		326	326	
- Legal fee		20	20	
- Authority fee and miscellaneous		24	24	
Total		12,318	12,318	

Notes:-

- (a) HKAB, a 50% owned subsidiary of TXB, had on 21 April 2021 entered into a Shareholders' Agreement ("**SHA**") with Monika Mikac, Igor Pongrac, Nordin Ćatić and Benjamin Božič ("**Parties**") to collaborate in developing, implementing and managing the technology surrounding electric vehicles and LVDS via a joint venture company ("**JVCO**") to be incorporated.

Following the execution of the SHA, Electric Revolution Expert d.o.o. ("**E-Rex**") was formed and incorporated under the laws of Croatia in accordance to the terms of the SHA as the JVCO. Subsequently, HKAB and the Parties had on 28 September 2021 entered into a novation agreement to assign and transfer all HKAB's rights, duties and obligation under the SHA to TXB.

The Company has utilised RM4.50 million for development of a prototype LVDS. LVDS is a system to be developed by E-Rex which will revolutionise the current electric vehicle industry and, will be competitive in price and performance against vehicles powered by internal combustion engines. E-Rex will play a key role for TXB in penetrating the electric mobility industry.

- (b) The Company had utilised the proceeds earmarked for working capital requirements for the day-to-day operations of the Group as follows:

No.	Description	RM'000
(i)	Staff salaries and statutory contribution	2,006
(ii)	Office administrative expenses, rental and utilities	501
(iii)	Rental/refurbishment/renovation/upgrade of operating premises for food and beverage business	4,941
Total		7,448

- (c) The expenses of RM0.37 million consist of fees payable to the relevant authority, advisers and placement fees.

(iii) Private Placement 2020

On 21 April 2020, M&A Securities had, on behalf of the Board announced that the Company proposed to undertake a private placement of up to 135,431,300 new Shares, representing approximately 12.07% of the Company's total number of issued Shares (excluding treasury shares, if any). The private placement was proposed to be undertaken in accordance with the 20% General Mandate.

On 14 July 2020, M&A Securities had, on behalf of the Board announced that the Board had resolved to increase the issue size of the private placement which shall then involve the issuance of up to 172,817,600 new Shares, representing approximately 15.13% of the Company's total number of issued shares after taking into account inter-alia the demand for TXB Shares.

On 3 August 2020, M&A Securities had, on behalf of the Board announced that, after assessing the current market conditions and the Company's funding requirements as well as taking into account inter-alia the demand of the TXB Shares, the Board proposes to fully utilise the 20% General Mandate for the issuance of up to 236,461,500 Shares under the said private placement ("**Private Placement 2020**").

Bursa Securities had vide its letter dated 11 September 2020, resolved to approve the listing of and quotation for 236,461,500 placement shares to be issued pursuant to the Private Placement 2020 on the Main Market of Bursa Securities. The Private Placement 2020 was completed following the listing of and quotation for a total of 100,000,000 placement shares at the issue price of RM0.1098 and 136,461,500 placement shares at the issue price of RM0.1300 on the Main Market of Bursa Securities on 22 December 2020 and 24 February 2021, respectively.

The details and status of the utilisation of proceeds from the Private Placement 2020 as at LPD are as follows:

Utilisation of proceeds	Note	Actual proceeds raised RM'000	Amount utilised RM'000	Expected time frame for the utilisation of proceeds (from listing date)
<u>(i) Working capital:</u>				Within 12 months
Settlement of trade and other creditors	(a)	13,000	13,000	
Recruitment of technical experts and information technology personnel		3,500	3,500	
Staff salaries and statutory contributions		6,900	6,900	
Others general working capital	(b)	4,420	4,518	
		27,820	27,918	
<u>(ii) Estimated expenses for the debt settlement and Private Placement 2020:</u>	(c)			Within 1 month
Principal Adviser fee (inclusive of placement fee)		750	750	
Legal fee		100	30	
Authority fee		50	22	
		900	802	
Total		28,720	28,720	

Notes:-

- (a) The proceeds utilised for settlement of trade and other creditors are broken down as follows:

No.	Description	RM'000
(i)	Suppliers of raw ingredients for food and beverage business	9,850
(ii)	Rental of operating premises for food and beverage business	3,150
	Total	13,000

- (b) Consists of other working capital requirement such as utilities bills, travelling expenses and office related expenses.

- (c) Consist of fees payable to the relevant authority, advisers and placement fees.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Capital Reduction

The Proposed Capital Reduction will enable the Company to rationalise its statement of financial position by reducing the accumulated losses. The reduced issued share capital pursuant to the Proposed Capital Reduction will also reflect more accurately the value of the underlying assets and the financial position of the Company. Further, the elimination of the accumulated losses from the statement of financial position of the Company would ease the Company to declare dividends from its future available profits and provide a better financial platform for the Company's future growth moving forward.

4.2 Proposed Debt Settlement

The purpose of the Proposed Debt Settlement is to settle the amount owing by TXB to its Creditors. The amount owing to the vendors of Touchpoint International Sdn Bhd, Wavetree PLT and Techna Analytics Sdn Bhd have remained outstanding for a protracted period of time. This was primarily due to the fact that the COVID-19 pandemic had affected TXB's business operations to a large extent and thus prevented it from generating the sufficient funds it had previously anticipated for the settlement of these purchase considerations to the respective vendors, vis-à-vis ensuring adequate funds continued to be made available to support its business expansion and working capital purposes.

Given the urgency of the matter, TXB had approached several parties, namely TAP, DSC, CKS, TSS, AOF I, AOF and GIP, for financial assistance. Unlike loans/financing facilities from financial institutions which will inherently take an extended period of time and involve relatively high financing cost, the abovementioned parties were able and willing to advance the necessary funds to TXB on a timely basis to meet the latter's immediate funding requirements without interest.

After due consideration of the various options available, the Board is of the opinion that the Proposed Debt Settlement is an appropriate method to settle the Settlement Amount in view that the Proposed Debt Settlement:

- (i) will enable the Company to settle the Settlement Amount without incurring additional debt obligation/interest expenses by TXB;
- (ii) will enable the Company to strengthen its capital base;
- (iii) will further strengthen the Company's equity base as well as NA and gearing ratio of the Company as a result of the increase in the share capital of the Company; and
- (iv) to preserve its cash for other purposes, such as working capital requirements.

4.3 Proposed Share Consolidation

The Proposed Share Consolidation is expected to enhance the Company's share capital structure. As TXB Shares are currently traded at relatively low trading price range, a small absolute movement in the share price may be significant in percentage terms. The Proposed Share Consolidation will result in a reduction in the number of TXB Shares available in the market that may potentially reduce the volatility of the trading price for TXB Shares.

As illustrated in Section 2.3.1 of this Circular, the Proposed Share Consolidation will increase the reference price per TXB Share which may enhance the Company's profile amongst investors. The Board is of the view that the higher trading price of TXB Shares following the Proposed Share Consolidation will encourage investors to view the Consolidated Shares as a long-term investment and attract investors with similar long-term investment horizon.

4.4 Proposed Rights Issue with Warrants

The rationale for the Proposed Rights Issue with Warrants are as follows:-

- (i) The Proposed Rights Issue with Warrants will enable TXB to raise its required funds for purposes set out in Section 2.4.6 without incurring additional interest cost which would arise if TXB was to obtain further bank borrowings to fund the aforesaid purposes, which are expected to contribute positively towards the future earnings of TXB;
- (ii) The Proposed Rights Issue with Warrants will strengthen the financial position of TXB with enhanced shareholders' funds. These factors are expected to facilitate the continuous business expansion plans of TXB;
- (iii) The Proposed Rights Issue with Warrants will also provide an opportunity for the existing shareholders to increase their equity participation in the Company and to benefit from the growth of TXB's current and future investments;
- (iv) The Proposed Rights Issue with Warrants will involve the issuance of new TXB Shares without diluting the existing shareholders' equity interest, assuming all Rights Shares with Warrants Entitled Shareholders fully subscribe for their respective entitlements;
- (v) The Proposed Rights Issue with Warrants will increase the number of TXB Shares in circulation which may potentially enhance the liquidity and marketability of TXB Shares on the Main Market of Bursa Securities;
- (vi) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of TXB at a pre-determined price and enable them to benefit from the future growth of TXB and any potential capital appreciation arising thereof;
- (vii) The Warrants will also provide TXB with additional capital when they are exercised. The exercise of the Warrants will allow TXB to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

5. OUTLOOK AND PROSPECTS

5.1 Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Key economic sectors continued to expand in the third quarter of 2023. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for E&E products and lower production of refined petroleum products.

Private consumption expanded by 4.6% (2Q 2023: 4.3%), supported by improvement in both necessities and discretionary spending by households. Public consumption expanded by 5.8% (2Q 2023: 3.8%) as there were higher Government supplies and services spending.

(Source: Developments in the Malaysian Economy, BNM Quarterly Bulletin, Third Quarter 2023, Bank Negara Malaysia; Providence)

5.2 Overview and prospects of the ICT industry in Malaysia

ICT solutions are solutions which involve the use of technology to perform operational processes and tasks. These solutions can be applied across all sectors and industries, and for businesses of varying sizes. Among the benefits of ICT solutions are improved productivity, greater efficiency, the need for less manpower, as well as ability to collect and analyse data for better decision making.

Over the years, the ICT solutions industry has evolved to include more advanced technologies. Since the 1970s, ICT solutions have been introduced to the global market in the form of internet technology applications which can automate a specific operational and production process.

Today, the introduction of IoT has enabled the fourth industrial revolution ("**Industry 4.0**"), whereby technology is used to facilitate the interconnectivity between objects such as mobile devices, machines, home appliances and motor vehicles. This enables the digitalisation and integration of value chains, product and service offerings and business models as well as improve communication with customers. As an illustration, smart thermostats can now control the temperature through turning on heaters and air conditioners when the room is unoccupied; environmental sensors can now control air quality and water content in plantations to increase farming productivity and reduce wastage; and wearable devices can now be used to track and trace vital signs and individuals in hospitals. IoT also enables smart cities.

The ICT solution market size in Malaysia is depicted by expenditure on ICT products in the country. The industry grew from RM84.4 billion in 2017 to RM120.6 billion in 2022 at a CAGR of 7.4%.

Moving forward, the growth of the ICT solutions market in Malaysia is expected to be driven by the following factors:

(i) **Increased usage of internet will facilitate the growth in adoption of ICT solutions, including IoT**

Over the years, the number of individuals browsing the internet has been growing. Malaysia's internet adoption, represented by mobile-broadband penetration rates, increased by 56.5%, from 77.3% in 2015 to reach 133.8% as at third quarter of 2023. Meanwhile, Malaysia's mobile internet adoption, represented by mobile broadband subscriptions, increased from 27.8 million subscriptions in 2015 to 44.8 million subscriptions as at third quarter of 2023, recording a CAGR of 6.1%.

As ICT and IoT solutions require strong and stable telecommunication networks to quickly and securely transmit data collected by smartphones, sensors and other technological tools, the growth internet adoption is expected to encourage the proliferation of ICT and IoT solutions.

(ii) **Various Government initiatives will support the growth of the ICT solutions industry**

The Government of Malaysia has implemented the Twelfth Malaysia Plan ("**12MP**"), which aims to accelerate the adoption of technology and innovation. Under the 12MP, the Government plans to spearhead the digital agenda via digitalisation of public services and the transformation of micro, small and medium enterprises. Additionally, the plan also will provide 100 per cent 4G coverage to populated areas as well as widen the 5th generation ("**5G**") coverage to 9.0 million premises by 2025. As an effort to propel the plan, the Government of Malaysia will be providing a soft loan for the digitalisation and technology adoption of local companies to help them embrace technology.

In 2019, the Government of Malaysia also implemented the Industry4WRD Readiness Assessment, a comprehensive programme aimed to assist companies to assess their capabilities and readiness to adopt Industry 4.0 technologies and processes. The goal of the programme is to support companies by identifying gaps and areas of improvement for Industry 4.0 adoption, as well as develop feasible strategies and plans to transition towards Industry 4.0. The Government of Malaysia has allocated a total of RM210.0 million between 2019 to 2021 through the Industry4WRD programme in order to support the transition and migration of companies to Industry 4.0.

Meanwhile, the Malaysia Smart City Framework is an initiative implemented by the Malaysian Government in 2019, which is aimed at improving the quality of life of citizens by utilising technology and data driven solutions. The framework aims to develop cities into smart cities by leveraging on ICT solutions in order to improve public services, infrastructure as well as promote economic growth. Through the initiative, various technologies will be deployed including IoT, big data analytics, and artificial intelligence (AI) to enable real-time data collection and analysis to allow for better decision-making. The framework is expected to create opportunities for the ICT solutions industry as various ICT solutions will be required to support the development of smart cities.

The Shared Prosperity Vision 2030 is an initiative implemented in 2019, by the Government of Malaysia to achieve sustainable and inclusive economic growth for all ethnic groups including lower income groups, by 2030. This initiative includes steps to support the development of the ICT industry through promoting digital transformation, developing digital skills, and encouraging entrepreneurship and innovation. Thus, this provides the ICT solutions industry in Malaysia with opportunities for growth amongst the lower income groups.

In 2020, the Government of Malaysia has also implemented the National Digital Network Plan ("JENDELA") to improve the coverage and quality of high-speed broadband services across the nation as well as to prepare the nation to transition successfully to 5G technology. The implementation of JENDELA will be carried out in 2 phases, namely Phase 1 (2020 – 2022) and Phase 2 (2022 – 2025). Under the JENDELA, the Government aims to improve digital infrastructure, extend mobile coverage in remote and rural areas, improve in-door coverage for urban and suburban areas. The JENDELA is expected to support the ICT solutions industry by establishing high quality and affordable digital connectivity across the nation.

The Government of Malaysia has also implemented the Malaysia Digital Economy Blueprint ("MyDIGITAL") in 2021, which aims to transform Malaysia into a digitally driven high-income nation and a regional leader in digital economy. Through the initiative, the Government aims to develop the digital economy by promoting the adoption of digital technologies, building digital infrastructure, developing skilled workers, as well as creating a conducive environment for growth. The initiative aims to create over 500,000 new jobs by 2025, as well as uplift the productivity across all sectors by 30% by 2030.

(iii) Potential growth from the proposed development of smart cities

Apart from Kuala Lumpur and Cyberjaya, there are several other cities in Malaysia earmarked to be developed as smart cities. This includes Iskandar Malaysia in Johor, Georgetown in Penang, Selangor and Mukah in Sarawak. Iskandar Regional Development Authority intends to develop Iskandar Malaysia as a smart city by 2025 while the Smart Selangor initiative aims to make Selangor the most liveable Smart State in ASEAN by 2025.

(iv) Growing number of enterprises indicates an increase in demand from new enterprises

Malaysia has seen a steady growth of newly registered enterprises (as represented by newly registered companies). According to latest available data from the CCM, new enterprises in Malaysia grew from 1.3 million in 2017 to 1.5 million in 2022, at a CAGR of 2.9%. This steady growth trend is expected to continue in light of the nation's developing economy over the long-term. The growing number of enterprises registered each year provides opportunities for greater demand for ICT solutions in Malaysia.

Providence anticipates the ICT solutions industry in Malaysia to grow from RM128.7 billion in 2023 to RM146.6 billion in 2025, registering a CAGR of 6.7% during the period. Meanwhile, the global IoT market is anticipated to reach USD805.7 billion (RM3.5 trillion) in 2023 and forecast to surpass USD1 trillion (RM4.4 trillion) in 2026, growing at a CAGR of 7.5% over the period. In Malaysia, the National IoT Strategic Framework estimates that the market for IoT in Malaysia will reach RM42.5 billion by 2025, growing at a CAGR of 34.9% from RM9.5 billion in 2020.

(Source: IMR report by Providence)

5.3 Overview and prospects of the E&E industry in China

TXB is involved in the E&E industry in China through its subsidiary, HKAB which holds of the intellectual property and global marketing rights of an ultra-capacitor technology and manufacturing operations in China as well as undertake further research and development in international collaborations related to the ultra-capacitor technology.

The total E&E industry size in China, depicted by revenue from E&E manufacturing, grew from RMB1.6 trillion (RM1.0 trillion) in 2015 to an estimated RMB2.0 trillion (RM1.2 trillion) in 2019, registering a CAGR of 6.0%. In 2020 however, the E&E industry in China saw a dip in size, falling at a rate of 7.0% to an estimated RMB1.7 trillion (RM1.1 trillion). This was due to the COVID-19 pandemic which led to the implementation of national lockdown policies to curb the virus, and this resulted in restrictions imposed on manufacturers to operate. The E&E industry in China is estimated to have rebounded in 2021 to RMB1.9 trillion (RM1.2 trillion), and further increased to RMB2.0 trillion (RM1.3 trillion) in 2022. Moving forward, Providence forecasts the E&E industry in China to reach RMB2.2 trillion (RM1.4 trillion) by 2025, registering a CAGR of 2.4% between 2023 and 2025.

The growth of the E&E industry in China is expected to be driven by the following factors:

(a) Growing sales of end-user products in China, particularly for electric vehicles and energy storage system

Electronic components such as batteries are key components in electric vehicles. The number of electric vehicles sold in China increased from 17,600 units in 2013 to 5.92 million units in 2022, registering a CAGR of 90.9%. This has been largely driven by the Government of China's policies to promote the use of electric vehicles in the country. The Government of China aims to have 1 out of 5 cars sold in China to run on alternative fuel by 2025. Several key policies were thus outlined to support the development of electric vehicle industry in the country, including:

- Dual-Credit Scheme for automotive industry to encourage the manufacture of electric vehicles.
- "China 14th Five-Year Plan" that outlined a development plan for the energy sector for 2021-2025. The primary objective of this plan is to focus on high-quality green development and innovation to build a clean, safe and efficient energy system and place emphasis on promoting electric vehicles.

With the wide spread adoption in green energy resources such as wind and solar power, energy storage systems are becoming important. In addition, energy storage systems are commonly used in the industrial sector in China as a means to reduce electricity costs. Energy storage systems can be charged during low peak hours when electricity costs are significantly lower to be used during high peak hours when electricity costs are higher. The energy storage system market in China, as measured in terms of grid-scale battery storage additions, has been growing healthily having registered a CAGR of 116.9% between 2017 and 2022 from 0.1 gigawatts in 2017 to 4.8 gigawatts in 2022. The growing energy storage system industry in China is expected to drive demand for batteries and related electronic components.

(b) Growing sales of end-user products globally, particularly for electric vehicles and energy storage systems

The global energy storage system market is also a major market for the E&E industry in China. The growth of the global energy storage system market, as indicated by capacity of grid-scale battery storage additions, grew at CAGR of 62.1% from 1.0 gigawatts in 2017 to 11.2 gigawatts in 2022. This growth is supported by better renewable energy production facilities, supportive government policies and incentives, as well as consumer demand for products which require energy storage systems, thus also driving the growth of the E&E industry.

Globally, the number of electric vehicles sold increased from 1.2 million vehicles in 2017 to 10.2 million vehicles in 2022. The uptake of electric vehicles looks promising and is attributed to supportive government policies, purchase subsidies, technological advances and environmental awareness. The electric vehicle market is expanding to the electrification of commercial vehicles such as trucks and buses, as well as personal transport modes such as scooters and bicycles. As customers anticipate further technological improvements, improved performance and newer models, it is expected that the electric vehicle market will continue growing. This will contribute to the demand for electronic components, being the key components in electric vehicles, benefiting the E&E market in China.

(c) Rapid technological advancements will drive the demand for E&E products

Over the years, technological advancements have led to a greater number of E&E products being invented. These technological advancements vary from product to product, but are generally in terms of size, design, features and performance. As the spending power of the population in China grows, consumers in China would place more importance on keeping up with the latest technology advancements and will thus be more receptive to newer E&E products. The GDP in China increased by 7.2%, from approximately USD11.1 trillion (RM43.2 trillion) in 2015 to USD18.0 trillion (RM79.0 trillion) in 2022.

(Source: IMR report by Providence)

5.4 Overview and prospects of the F&B industry in Malaysia

F&B services refer to the provision of services related to the preparation and serving of food and beverages to customers. There are various F&B segments at different price levels, offering a variety of dining options to cater to the diverse demographic of Malaysia. Food culture in Malaysia is diverse, owing to the different ethnic groups and religions in the country.

Full-service restaurants refer to conventional sit-down eateries where patrons are seated and attended to by waiters, with food served directly to their table. Full-service restaurants can be categorised into:

- Casual dining – affordably priced food in a casual atmosphere, catering to the mass market. This segment is popular among families and is suitable for everyday dining. Examples of local casual dining restaurant chains are “Dave’s Deli”, “GO Noodle House”, “Morganfield’s”, “Sushi King” and “Teh Tarik Place”, while international chains include “Chili’s Grill & Bar”, “TGI Fridays” and “Tony Roma’s”; and
- Non-casual dining – more upscale restaurants. Examples of local non-casual dining restaurant chains are “Grand Imperial”, “Oriental”, “Oversea” and “Tai Thong”, while international chains include “Din Tai Fung”.

The overall F&B segment market size in Malaysia, depicted by food service value, grew from RM34.7 billion in 2015 to RM46.4 billion in 2019, registering a CAGR of 7.5%. However, the F&B market in Malaysia experienced a fall in 2020, contracting to RM36.4 billion in the year. This was due to the COVID-19 pandemic which led to the implementation of the MCO that restricted dining out at restaurants. As there were less restrictions to dine out beginning 2021, the F&B market size in Malaysia recovered by 2.5% from RM36.4 billion in 2020 to RM37.3 billion in 2021, and further grew to RM41.7 billion in 2022.

As a subset of the overall F&B segment, casual dining accounts for 29.1% of the total market size in 2022. The casual dining segment grew at a CAGR of 5.6% during the period of 2015 to 2019, from RM12.4 billion to an estimated RM15.4 billion. However, in 2020 there was a decline in the casual dining segment from RM15.4 billion in 2019 to RM10.9 billion in 2020, due to the COVID-19 pandemic. The casual dining segment recovered beginning 2021, growing to RM11.1 billion in 2021 and RM12.1 billion in 2022.

Moving forward, Providence forecasts the total F&B market is expected to reach RM46.8 billion by 2025, registering a CAGR of 4.1% between 2023 and 2025.

The growth of the F&B service market in Malaysia has been, and is expected to continue to be driven by the following factors:

(a) Rising income levels leading to greater spending power for dining out

Malaysia is a developing country with positive economic growth, with its gross national income per capita growing from approximately RM41,647 in 2017 to approximately RM53,043 in 2022. As the living standards and disposable income of the population continues to improve, especially for urban households, it is expected to continue contributing to the growth of the F&B market in Malaysia. Specifically, the mean monthly household consumption expenditure in restaurants rose from RM517.03 in 2016 to RM790.16 in 2022, registering a CAGR of 7.3%.

As Malaysia continues to experience a rise in urbanisation, this has led to a change in lifestyle of the population as more women join the workforce and people work longer hours. Consequently, this has increased demand for convenience, which has contributed to the increase in the number of F&B outlets as well as delivery and takeaway services.

Compared to rural dwellers, urban residents have greater spending power and lead busier lifestyles, leading to the demand for dining out. As a result of this, the F&B segment in Malaysia is expected to continue experiencing growth in demand from consumers who do not have the time to prepare their own meals.

(b) The on-going lifestyle trend to dine at full-service restaurants in Malaysia will continue to support the growth of the full-service restaurant segment

In Malaysia, dining at full-service restaurants has become a common lifestyle habit amongst both single adults and families. Besides being able to provide food and drink, these establishments are also a venue for them to socialise.

It is also common for single adults and families to celebrate personal and corporate events as well as festivities in full-service restaurants. As Malaysia is a multi-racial country, there are many festivities that occur throughout the year including Chinese New Year, Hari Raya Aidilfitri, Deepavali and Christmas. This provides full-service restaurants the opportunity to generate higher revenues during these festive seasons. It is expected that the trend of dining out in Malaysia will continue after the outbreak of COVID-19 has been kept under control in the country.

(c) The availability of a diverse range of cuisines in Malaysia will continue to support the growth of the full-service restaurant segment

Malaysia's full-service restaurant segment offers customers a diverse range of cuisines, ranging from local cuisines such as Malay, Chinese and Indian to foreign cuisines such as Thai, Vietnamese and Italian. As such, it is common for locals and foreigners to dine out to try a variety of cuisines in Malaysia.

The growing number of full-service restaurants offering different dining options and a variety of cuisines has been instrumental in the growth of the full-service restaurant segment of the F&B service market in Malaysia.

(d) Applications and electronic wallets serve as a new marketing avenue for the F&B service industry

There is an increasing number of applications in Malaysia which enable delivery and takeaway services, introduce restaurants in a particular location and provide discount vouchers. Delivery and takeaway service applications such as "DeliverEat", "Foodpanda" and "GrabFood" enable full-service restaurants to not only serve the customers patronising their outlet, but also customers ordering through these applications. These delivery and takeaway service applications have also been essential in allowing full-service restaurants to operate during the national lockdown period, and it is anticipated that these applications will continue supporting the growth of the full-service restaurant segment after the national lockdown policy has been lifted in the country.

Meanwhile, applications which introduce new restaurants such as "Zomato" and "Jalan-Jalan Cari Makan" allow potential customers to search for restaurants in a particular area and view the ratings from past customers. In addition, there are also applications that provide discount vouchers such as "Entertainer" and "Fave" which allow customers to purchase vouchers to dine at F&B service outlets at a discounted rate.

Further, going cashless is also becoming popular through electronic wallet service providers such as Boost, GrabPay and Touch 'n Go eWallet. These electronic wallet service providers have been actively offering marketing promotions, which include discounts and vouchers in full-service restaurants. In addition, recognising the need for businesses to digitalise operations, the Government of Malaysia has introduced the MyDIGITAL which aims to gather more F&B businesses onboard e-commerce to optimise their operations and improve customer experience by accelerating e-commerce onboarding programme for offline F&B businesses. The digitalisation of their businesses will enable these full-service restaurants and kiosks / street stalls to remain competitive.

(Source: IMR report by Providence)

5.5 Overview and prospects of the F&B industry in China

The total F&B market size in China, depicted by food service value, grew from RMB3.9 trillion (RM2.4 trillion) in 2015 to RMB5.1 trillion (RM3.1 trillion) in 2019, registering a CAGR of 6.9%. However, in 2020 China experienced a dip in the total F&B market size, falling at a rate of 17.6% to RMB4.2 trillion (RM2.6 trillion). This was due to the COVID-19 pandemic which restricted dining out at restaurants. In the following year, the total F&B market size rebounded to RMB5.0 trillion (RM3.2 trillion) in 2021. The total F&B market size in China was impacted by China's zero-COVID policy in 2022 where major cities were placed under strict lockdowns, leading to a fall in market size to RMB4.6 trillion (RM3.0 trillion) in the year. As China's zero-COVID policy was lifted beginning 2023, Providence forecasts the F&B market in China will recover to reach RMB5.5 trillion (RM3.6 trillion) by 2025, registering a CAGR of 7.0% between 2023 and 2025.

The F&B service market in China has been, and will continue to be driven by the country's rising income levels. The GDP per capita in China increased by 8.0%, from approximately RMB49,922 (RM31,016.54) in 2015 to RMB85,698 (RM56,046.49) in 2022. The GDP per capita indicates the disposable income of the population. The growth of the disposable income of the population will continue to support the population's growing demand for dining out in restaurants, thus benefitting the F&B service market in China.

In addition, dining at F&B service outlets is a common lifestyle habit amongst both single adults and families in China. Besides being able to provide food and drink, these establishments are also a venue for them to socialise and entertain. It is expected that the trend of dining out in China will continue after the outbreak of COVID-19 has been kept under control in the country.

There is an increasing number of applications in China which enable delivery services. Delivery service applications such as "Ele.me" and "Meituan" enable F&B service outlets to not only serve the customers patronising their outlet, but also customers ordering through these applications. These delivery service applications have also been essential in allowing F&B service outlets to operate when the Government of China implemented its national lockdown to curb the spreading of the COVID-19 pandemic in the country. It is anticipated that these applications will continue supporting the growth of the F&B service outlets even after the COVID-19 is kept under control.

(Source: IMR report by Providence)

5.6 Prospects of TXB Group

The Group has focused its efforts and resources to develop and grow its digital and technology businesses which form the strategic business pillars that is envisaged to drive the Group forward, which are as follows:

Smart City

Currently, the major projects of the Group includes;

- (i) the integration of our membership and loyalty system (with e-wallet prepaid token), Mobile Application Bus Ticketing and Mobile Application Parking Payment with the Official Putrajaya Smart City Mobile App; and
- (ii) provision of Customised Mobile Community Platform with full-fledged location based journey planner, Google Transit based journey planner on corporate website and data analytic engine as well as performance monitoring for Perbadanan Pengangkutan Johor.

The Group continues to engage with all the local government agencies and councils of all the states within Peninsular Malaysia to introduce our own developed Smart City Platform that enables the government agencies or local authorities to engage with the community intelligently via a mobile application. There are already several cities in Malaysia earmarked to be developed as a smart city which include Iskandar Malaysia in Johor, Georgetown in Penang and Mukah in Sarawak. Iskandar Regional Development Authority also intends to develop Iskandar Malaysia as a smart city by 2025. As such, the potential prospect for this business segment is enormous.

Agritech

Vertical farming in the agriculture sector is one of the key GDP contributor to the country and the aquaculture industry is expected to grow vigorously. The Group has recently ventured into the aquaculture industry by inking a partnership agreement for the joint development and commercialisation of a Smart Integrated Aquaculture Platform for sustainable aquafarming in Malaysia which will revolutionise the aquafarming industry and further promote sustainable farming practices in Malaysia. Through such efforts, the Group is aspired to be the leader in revolutionise the agriculture and aquaculture industries in the near future.

The Group have secured its maiden project with PT Sinar Mas Agro Resources and Technology Tbk (PT SMART Tbk) providing Field Activity and Harvesting Data Capturing System for upstream palm oil plantations with wireless connectivity tracking devices and offline data sync modules.

Electrical Mobility

The global electric vehicle market size is expected to grow robustly. Tapping on to the potential exponential growth of the electric vehicle market, the joint venture company set up by the Group in Croatia together with all the experienced experts, has started working on the electric vehicle prototype.

However, in order to enable the participation of other strategic partners/shareholders into the joint venture company to accelerate the product development and further bring the company forward, the Group has agreed to reduce the equity participation from 51% to 10% in the joint venture company,

Electric Revolution d.o.o. ("**E-Rex**") and refocus its financial resources to its other core digital transformation solution businesses which is seen as the catalyst for growth, moving forward.

Notwithstanding the above, TXB will still continue to play a strategic role in the electric mobility space and remain as a partner and sole representative of E-Rex to develop markets in ASEAN region and on project-to-project basis in other countries of Asia under its Smart Mobility business segment.

Energy Storage

Following the termination of the Group's proposal of disposing its subsidiaries, namely HKAB via a reverse takeover ("**RTO**") exercise of Chaswood Resources Holdings Ltd, a company listed on the Catalist Board of Singapore Exchange Securities Trading Limited due to the inadvertent delay in completing the relevant due diligence and corporate restructuring exercises of HKAB in connection with the RTO, the Group has re-assessed the potential value of HKAB and is exploring other approaches to realise the value of HKAB including but not limited to, an Initial Public Offering ("**IPO**") when the timing is right in the future.

Communication and Security Solutions

The Group's subsidiary, TPI had bagged a two-year technology development and support contract from local government enforcement agency. The contract is to design and deliver an analytics-enabled public safety and security command system.

Under the terms of the engagement, TPI will develop, implement and support an analytics-enabled public safety and security system, incorporating into an Internet of Things powered computing mobile devices as well as provision of Geographic Information System software components and professional engineering services.

The Group continues to tap on the technology development and maintenance contract to design and deliver an analytics-enabled public safety and security command system as a springboard for the Group to pursue and secure other opportunities in the communication and security space, both from the public as well as the private sector in the near future.

Technology driven F&B

The Group via Craveat International has been one of the leading operators in the F&B casual dining space for over the past 20 years. The 3 core brands comprise TGI Fridays (for the Malaysia and Beijing region), Teh Tarik Place and recently acquired Italiannies.

The Group had recently in advance negotiations of opening new Italiannies restaurants in Beijing tapping into the Group's existing operation capabilities of TGI Fridays in Beijing.

On the Teh Tarik Place brand locally, the Group is continuing to focus on product development and aggressive promotional activities as new competitors has emerge offering similar local food concepts. The management has targeted China as a market that has penchant for Malaysian flavored food and has allocated capital to expand the Teh Tarik Place brand in China. The Group plans to open a few wholly owned stores in Beijing as well as to begin the franchise concept into the other 27 provinces in China. The Group targets to open 15 self-owned outlets and 100 franchise outlets in the next 5 years.

Overall Prospects of TXB Group

The Group's technology driven F&B business continued to show strong contribution approximately 98.6% of total revenue for FPE 2023 compared to Technology and digital transformations enabler. Hence, a third brand an Italian casual dining chain has been acquired for further expansion. In contrast, the Group's digital transformation & technology businesses adversely reduced by virtue of the fact that the relevant business entities managed to only service the existing contracts and no new addition of new projects secured in FPE 2023.

The Group's digital transformation & technology had identified and initiated discussions with multiple large distributors and system integration partners in South Africa in the space of renewable energy and energy storage in the recent past 6 months. These efforts include the development and submission of solution proposals to potential industrial and commercial clients and are in the advanced stages of concluding commercial discussions. Advanced discussions are also taking place with distributors and channel partners to provide market-ready energy storage solutions to the markets in South Africa, Australia and Malaysia. Initial stage engagements with partners and distributors have also been initiated in markets such as Philippines and Indonesia. These countries share common characteristics of energy storage requirement due to acute power shortages and high electricity tariff. Having assessed the market demands and addressable market segments in these countries, our manufacturing and productisation capability appears to provide significant cost and technology competitive advantages that will be crucial in swift market penetration.

The summary of financial information of TXB for the past 3 financial years and the latest quarterly result is as follows:

	Audited			Unaudited	
	(Restated)				
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	19,628	68,621	74,231	58,934	46,691
GP/(GL)	11,862	31,631	44,002	39,814	29,599
PBT/(LBT)	(18,942)	(21,892)	(29,117)	8,934	1,399
PAT/(LAT)	(19,256)	(21,724)	(31,206)	8,864	1,288
Profit/(Loss) from discontinued operations	(162,852)	(145,904)	285,332	303,463	-
Profit/(loss) attributable to the owners of the Company	(181,757)	(167,585)	262,299	312,585	1,464
No. of shares ('000)	1,537,952	2,201,715	2,214,715	2,211,215	2,214,715
NA/(NL) (RM'000)	61,148	(27,673)	42,029	88,401	43,425
NA/(NL) per Share (sen)	3.98	(1.26)	1.90	4.00	1.96
Interest-bearing borrowings (RM'000)	1,987	1,560	1,735	1,560	-
Gearing (times)	0.03	(0.06)	0.04	0.02	-
<i>GP/(GL) margin (%)</i>	<i>60.43</i>	<i>46.10</i>	<i>59.28</i>	<i>67.56</i>	<i>63.39</i>
<i>PBT/(LBT) margin (%)</i>	<i>(96.50)</i>	<i>(31.90)</i>	<i>(39.22)</i>	<i>15.16</i>	<i>3.00</i>
<i>PAT/(LAT) margin (%)</i>	<i>(98.10)</i>	<i>(31.66)</i>	<i>(42.04)</i>	<i>15.04</i>	<i>2.76</i>

Comparison between FYE 2020 (restated) and FYE 2021

The Group recorded a higher revenue of RM68.6 million in FYE 2021, representing an increase of 250.0% as compared to the revenue of RM19.6 million recorded in FYE 2020 (restated). The increase of revenue was mainly attributed to the improved business operations of all of the Group's continuing operations' business units. The technology-driven F&B business benefited from the reopening of the economy, returning of workforce to offices, lifting of travel restrictions and dining-in being permitted in all of its establishments in 2021, compared to the protracted phases of lockdown and dining restrictions experienced in 2020. The technology and digital transformation enabler business units continued to grow with the recognition of project billings for the public safety and security command system contract secured by the Group towards the end of the third quarter of the FYE 2021, as well as some supplemental contribution derived from IoT deployment, data analytics and business intelligence services.

Meanwhile, the Group recorded a higher LAT of RM21.7 million in FYE 2021, representing an increase of 12.4% as compared to the LAT of RM19.3 million recorded in FYE 2020 (restated). This is primarily due to the higher administration and operating expenses of the continuing business operations of RM58.2 million in FYE 2021 from RM29.9 million recorded in the preceding financial year. This was primarily attributed to the one-off expenses/costs incurred by the Company relating to the staff cost arising from the ESOS, finance cost imputed due to the deferred payment of the purchase considerations for the various acquisitions, capital raising and corporate exercises, all of which collectively amounted to approximately RM17.8 million. Apart from that, the other operating expenses were attributed to, by and large, the typical professional fees, rental of premises, staff salaries, depreciation, office and administrative expenses, utility charges, etc.

The metallurgical coke business, which have been classified as "discontinued operations" by virtue of the fact that the said business operations had ceased on 31 December 2021 and that such business has been slated to be disposed by the Group, continued to turn in substantial net loss of RM145.9 million in FYE 2021 compared to a net loss of RM162.9 million in FYE 2020 (restated). This is due to the fact that the coke industry, particularly that of independent coke manufacturer, in China being continually assaulted with multitude challenges and setbacks, stemming primarily from adverse governmental policies which saw incessant production curbs and stoppage, pollution castigation, industry mergers and consolidation and unviable pricing dynamics.

Comparison between FYE 2021 and FYE 2022

In FYE 2022, the Group recorded a higher revenue of RM74.2 million compared to RM68.6 million in FYE 2021, out of which the technology-driven F&B business contributed approximately RM54.6 million while the technology and digital transformation enabler contributed approximately RM19.6 million. The increase in revenue from the technology-driven F&B business seen in FYE 2022 compared to that in FYE 2021 was mainly attributed to the additional openings of new outlets as well as improvement in the spending sentiments by customers. For the Group's digital transformation & technology businesses, there was a significant reduction in revenue of RM19.6 million in FYE 2022 compared to RM34.8 million in the preceding year due to the fact that the Energy Storage Solutions business segment failed to recognise any revenue.

Notwithstanding the above, FYE 2022 continued to be a challenging year for the Group recording a higher LAT of RM31.2 million, representing an increase of 43.8% as compared to the LAT of RM21.7 million recorded in FYE 2021. The high operating expenses incurred was primarily due to the one-off impairment loss on the goodwill, finance costs incurred due the deferred payment of the purchase consideration for the various acquisitions, expenses incurred for the purpose of capital raising and corporate exercises.

The loss-making metallurgical coke business operation in the Group has been ceased of which has since been classified as "discontinued operations", the Group was able to recognise a gain on disposal of approximately RM283.4 million in FYE 2022.

Comparison between FPE 2022 and FPE 2023

For the FPE 2023, the Group's revenue decreases from RM58.9 million to RM46.7 million mainly attributed by a decrease of RM7.9 million from digital transformation & technology businesses due to deferment of revenue recognition from its existing contract. This was offset by an increase of RM2.2 million in technology driven food & beverage business with additional openings of new outlets as well as improvement in the spending sentiments by customers.

As a direct consequence of a decrease in revenue during FPE 2023 as compared to FPE 2022, the PAT decreased from RM8.9 million in FPE 2022 to RM1.3 million in FPE 2023. The total operating expenses incurred by the Group as a whole, for FPE 2023 accounted to approximately RM27.2 million compared to approximately RM30.0 million incurred during FPE 2022 attributed to prudently manage operational expenses incurred which, amongst others, included staff salary, professional fees, rental, office expenses, water and electricity charges.

5.7 Value creation and impact of the Proposals to the Company and its shareholders

The proposed initiatives, when implemented synergistically, create a comprehensive strategy to unlock value for both the company and its shareholders. The optimised capital structure, improved financial metrics, and enhanced market perception collectively contribute to a stronger foundation for sustainable growth and increased shareholder value.

Proposed Capital Reduction

The Proposed Capital Reduction will not have any material impact on our Group's earning and our Company's EPS. As set out in Section 4.1 of this Circular, the Proposed Share Capital Reduction will allow the Company to rationalise its financial position by eliminating its accumulated losses, thereby enhancing its credibility with bankers, customers, suppliers, investors and other stakeholders and also provide a better financial platform for the Group's future growth forward.

In terms of impact to the Company and its shareholders pursuant to the Proposed Capital Reduction, the Proposed Capital Reduction is merely an accounting procedure that reduces the issued share capital of the Company to write off its accumulated losses by an equal amount, hence it basically entails a change in composition of equity and does not entail any cash outflow or change in the NA of the Company. However, as earlier mentioned in Section 4.1 of this Circular, it is imperative that the accumulated losses be reduced as part of the Group's on-going efforts in rebuilding and rationalising its financial position to better reflect its underlying assets. This strategic move aims to enhance financial flexibility and provide a solid foundation for future investment and expansion opportunities which in turn, enhances the company's attractiveness to potential investors and creates a more favorable environment for stock performance.

Proposed Share Consolidation

As set out in Section 2.3 of this Circular, the Proposed Share Consolidation will result in an adjustment to the reference price of TXB Shares, as listed and quoted on the Main Market of Bursa Securities, but will not have any impact on the total market value of the Consolidated Shares held by the Company's shareholders. The higher reference/trading prices of TXB Shares resulting from the Proposed Share Consolidation:

- (i) may reduce the volatility of the trading price for the TXB Shares; and
- (ii) may enhance the profile and corporate image of TXB which, in turn, render the Consolidated Shares more attractive.

The Proposed Share Consolidation is expected to enhance the Company's share capital structure by consolidating the existing TXB Shares in view of the large share base of the Company and relatively low trading price of TXB Shares.

Additionally, the Proposed Share Consolidation is expected to increase the NA per Share of TXB Group without affecting the total market value of TXB Shares, share capital and shareholders' shareholding structure of the Company.

Proposed Debt Settlement

The Proposed Debt Settlement is intended to recapitalise the amounts owing by our Group to the Creditors through the issuance of TXB Shares as detailed in Section 2.2, Part A of this Circular. Through the Proposed Debt Settlement, our Group can partially settle the amounts owing to the creditors in a strategic and efficient manner without exposing our Company to significant debt obligation/interest expenses. Consequentially, we can reduce our Group's debt without incurring significant cash outflow. This will allow any future cash flows to be channelled to the business operations of our Group.

Shareholders will benefit from the Proposed Debt Settlement through a strengthened financial position and improved cash flow, which can be redirected toward growth initiatives.

Proposed Rights Issue with Warrants

The Rights Issue with Warrants is not expected to have any material impact on the Group's consolidated earnings for the FYE 2023. Nonetheless, the Proposed Rights Issue with Warrants will allow the Group to achieve the objectives stipulated under Section 2.4.6 of this Circular which in turn facilitates the value creation to the Group and shareholders. Importantly, the Proposed Rights Issue with Warrants will allow the Group to achieve the said objectives with less reliance on financing facilities which help reduce the financial cost to the Group.

The proposed utilisation of up to RM8.00 million for the development and enhancement of smart tourism platform will allow the Group to broaden its existing products and solutions offering, complementing its existing smart city platform which in turn provides additional stream of revenue. Additionally, the proposed utilisation of proceeds of up to RM6.00 million for the agriculture and aquaculture IoT platform will enable the Group to tap into the agriculture and aquaculture sector as a new avenue for revenue generation.

The proposed utilisation of up to RM17.51 million proceeds for the purpose of working capital, includes, up to RM5.50 million for staff salaries and statutory contribution and up to RM6.51 million for office administrative expenses, rental and utilities expenses. This provides flexibility to the Group in term of working capital allocation and efficiency. Additionally, up to RM5.50 million of the proposed utilisation is cater for rental, refurbishment, renovation and upgrade of operating premises for F&B business segment which will improve overall customer's dining experience as well as attracting more customers and in turn further strengthen the Group's revenue and profit margin.

The existing shareholders' equity interest will not be diluted if they fully subscribe for their respective entitlement for the Proposed Rights Issue with Warrants. Contrary, if the existing shareholders do not subscribe or partially subscribe for their respective entitlement for the Proposed Rights Issue with Warrants, their equity interest will be accordingly diluted.

5.8 Adequacy of the fund raising in addressing the Company's financial condition

The proceeds from the Proposed Rights Issue with Warrants are primarily earmarked to fund the Group's mid-term capital requirements to enable the Group to expand its product and solution offerings and to continue its operation without the risk of potential disruptions. This would enable the Group to grow its revenue and profits and continuously deliver orders to customers more efficiently and in timely manner whilst allowing the Group to focus on, amongst others, the following strategic initiatives to enhance the Group's long term business prospects and financial performance:

- (a) collaboration with other technology players with the primary objective to further expand the Group's product and service offerings to its customers;
- (b) development and expansion of additional product and service offerings to existing customers;
and

- (c) expansion of project pipeline through replication of existing projects to other relevant customers.

The Company intends to repay the balance amount owing to the vendors of Wavetree PLT, Techna Analytics Sdn Bhd and HKAB from internally generated funds. The Company anticipates that upon the expiration of the profit guarantee period of Techna Analytics Sdn Bhd and HKAB on 31 December 2023, the purchase consideration will be reduced proportionately by the difference between the guaranteed profit and the actual profit in accordance to terms of the share purchase agreements.

Premised on the above, the Board is of the view that the Proposed Rights Issue with Warrants is adequate to address the Group's mid-term capital requirements and facilitate the generation of long-term financial benefits to the Group in the form of stronger top line and improved margins.

5.9 Steps taken or to be taken to address the Company's financial condition

The Group has focused its efforts and resources in strengthening its business operations and also driving steady revenue stream and healthy cash inflows. Whilst the Group continues to develop and grow its F&B, energy storage solutions and, technology and digital transformations businesses, the Group remains committed on driving steady flow of income and cash inflow, minimising excessive outflows, and also improve on its collection management to strengthen the Group's financial condition.

The Group is undertaking the Proposals to strengthen the financial condition of the Company that will result in the settlement of approximately RM33.8 million of the Group's liability and fund-raising of between RM7.0 million to RM32.7 million. The Proposals will result in the improvement of the financial condition of the Company where the shareholder's equity of the Group will improve from RM42.0 million to between RM81.7 million to RM119.1 million after the Proposed Rights Issue.

The Group had taken the following strategic actions in addressing its financial condition:

- (a) The Group has placed emphasis on securing energy storage orders to create income stream. The Group has analysed and will strategically focus on nations grappling with electricity scarcity and price disparities where there will be higher demand for energy storage, such as South Africa, Malaysia, and Australia. The Group is actively pursuing collaborations with local partners to gain access to the distribution of these energy storage products. Recognising the value of local knowledge and expertise, the Group targets to form partnerships with established companies or experts in the target nations. By collaborating with those who understand the region's energy landscape, regulations, and challenges, they can devise more effective strategies to secure energy storage orders. Overall, the Group's emphasis on securing energy storage orders in regions like South Africa, Malaysia, and Australia demonstrates their commitment to making a meaningful impact on addressing electricity scarcity and price disparities, while also positioning themselves as key players in the energy storage market. As at the LPD, the Group has yet to secure any energy storage order.
- (b) In line with a recent announcement on 21 June 2023, the Group has entered into a Tripartite Agreement for algae biofuel technology project. This venture is anticipated to generate a consistent cash flow over a 30-year period once it is operational.
- (c) Recognising the importance of cash flow management, the Group has intensified its focus on timely collection from customers. Currently, efforts are underway to address an outstanding amount of RM17.70 million pertaining to a Security and Communication Solutions contract, where payment delays were attributed to governmental changes.

Notwithstanding the above, the Group will also be undertaking the strategic actions stipulated in Section 5.8 above to foster sustainable growth to the Group while mitigating risk.

5.10 Dilution of existing shareholders' shareholding arising from the Proposed Debt Settlement

The Proposed Debt Settlement, once approved by the shareholders at the forthcoming EGM is irrevocable. The existing shareholders of TXB will experience dilution in their existing shareholding in the Company as a result of the issuance of the Settlement Shares.

Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after completion of the Proposed Debt Settlement will correspondingly be diluted.

Nevertheless, the Proposed Debt Settlement will enable the Company to settle the Settlement Amount without incurring additional debt obligation, preserve its cash and strengthen the capital base of the Company.

5.11 Change in the largest shareholder of the Company

Pursuant to the Proposed Debt Settlement, the collective shareholdings of TAP and its ultimate shareholders (namely Datuk Lim Chih Li @ Lin ZhiLi and Datin Lee Cheng Lin) will increase from 0.11% to 32.89% (under the Minimum Scenario) and 31.93% (under the Maximum Scenario) of the enlarged issued share capital of TXB. As a result, TAP, Datuk Lim Chih Li @ Lin ZhiLi and Datin Lee Cheng Lin will be able to exert significant influence over the business direction and management of the Company, including election of directors, timing and payment of dividends as well as having significant voting rights and as such will likely have significant influence on the outcome of certain matters requiring the vote of the shareholders, unless they and persons connected with them are required to abstain from voting by law and/or by the relevant guidelines and regulations.

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6. EFFECTS OF THE PROPOSALS

For the purpose of illustration of the Proposals, the following scenarios are adopted:

Minimum Scenario : Assumption:

- (a) issued share capital of the Company of RM1,224,219,163 comprising 2,214,714,736 Shares as at the LPD;
- (b) reduction of RM1,199,734,780 share capital pursuant to the Proposed Capital Reduction will be credited to the accumulated losses account of TXB;
- (c) issuance of 2,487,830,882 Settlement Shares at the Settlement Issue Price pursuant to the Proposed Debt Settlement;
- (d) Share Consolidation Minimum Scenario, whereby none of the Existing ESOS Options and Balance ESOS Options are granted and/or exercised into new TXB Shares prior to the Consolidated Shares Entitlement Date; and
- (e) Minimum Subscription Level, whereby the Proposed Rights Issue with Warrants will be undertaken to raise minimum gross proceeds of RM7.00 million which entails the issuance of 53,846,154 Rights Shares based on the Indicative Rights Issue Price and 53,846,154 Warrants based on the indicative exercise price of RM0.1850 per Warrant.

Maximum Scenario : Assumption:

- (a) issued share capital of the Company of RM1,224,219,163 comprising 2,214,714,736 Shares as at the LPD;
- (b) reduction of RM1,199,734,780 share capital pursuant to the Proposed Capital Reduction will be credited to the accumulated losses account of TXB;
- (c) issuance of 2,487,830,882 Settlement Shares at the Settlement Issue Price pursuant to the Proposed Debt Settlement;
- (d) Share Consolidation Maximum Scenario, whereby all of the 134,000,000 Existing ESOS Options and 195,207,210 Balance ESOS Options are granted and/or exercised into new TXB Shares at exercise price of RM0.0703 and indicative exercise price of RM0.0120 (representing discount of approximately 2.44% to the 5D-VWAMP of TXB Shares as at the LPD of RM0.0123), respectively prior to the Consolidated Shares Entitlement Date; and
- (e) Maximum Subscription Level, whereby the Proposed Rights Issue with Warrants entails the issuance of 251,587,641 Rights Shares based on the Indicative Rights Issue Price and 251,587,641 Warrants based on the indicative exercise price of RM0.1850 per Warrant.

6.1 Share capital

For illustration purposes, the pro forma effects of the Proposals on the issued share capital of TXB as at LPD are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of TXB Shares	Amount RM'000	No. of TXB Shares	Amount RM'000
Share capital as at the LPD	2,214,714,736	1,224,219	2,214,714,736	1,224,219
Assuming full issuance and conversion/ exercise of convertible securities	-	-	329,207,210	(i)19,574
Sub-total:	2,214,714,736	1,224,219	2,543,921,946	1,243,793
Reduction of issued share capital pursuant to the Proposed Capital Reduction	-	(ii)(1,199,735)	-	(ii)(1,199,735)
After the Proposed Capital Reduction	2,214,714,736	24,484	2,543,921,946	44,058
To be issued pursuant to the Proposed Debt Settlement	2,487,830,882	33,835	2,487,830,882	33,835
Sub-total:	4,702,545,618	58,319	5,031,752,828	77,893
After the Proposed Share Consolidation	235,127,280	58,319	251,587,641	77,893
To be issued pursuant to the Proposed Rights Issue with Warrants	53,846,154	(iii)(iv)3,503	251,587,641	(iii)(iv)16,366
Sub-total:	288,973,434	61,822	503,175,282	94,259
Assuming full exercise of Warrants to be issued	53,846,154	(v)13,459	251,587,641	(v)62,884
Enlarged share capital	342,819,588	75,281	754,762,923	157,143

Notes:

- (i) After accounting for the reversal of ESOS reserve amounting to RM7,812,200 to the share capital of the Company.
- (ii) After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.
- (iii) After adjusting for estimated expenses of RM1.00 million in relation to the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants.
- (iv) After accounting for the creation of warrant reserve.
- (v) After accounting for the reversal of warrant reserve.

6.2 NA per Share and gearing

For illustration purpose, the pro forma effects of the Proposals on the NA and gearing of TXB based on the latest audited consolidated statement of financial position of the Group as at 31 December 2022 are as follows:

Minimum Scenario

	Audited As at 31 December 2022	After adjustment for subsequent event	After the Proposed Capital Reduction	After the Proposed Debt Settlement	After the Proposed Share Consolidation	After the Proposed Rights Issue with Warrants	Assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	1,224,219	1,224,219	24,484	58,319	58,319	(vi)61,822	(vii)75,281
Foreign currency translation reserve	(38)	(38)	(38)	(38)	(38)	(38)	(38)
Warrant reserves	-	-	-	-	-	(vi)3,497	(vii)-
Share option reserve	3,920	3,920	3,920	3,920	3,920	3,920	3,920
Employee share option scheme reserve	7,812	7,812	7,812	7,812	7,812	7,812	7,812
(Accumulated losses)/ Retained earnings	(1,193,884)	(1,193,884)	(iii)(iv)5,651	5,651	5,651	(v)4,651	4,651
Equity attributable to the owners of the Company	42,029	42,029	41,829	75,664	75,664	81,664	91,626
Non-controlling interest	(192)	(192)	(192)	(192)	(192)	(192)	(192)
Total Equity	41,837	41,837	41,637	75,472	75,472	81,472	91,434
No. of Shares ('000)	2,214,715	2,214,715	2,214,715	4,702,546	235,127	288,973	342,820
NA per Share (RM)	0.02	0.02	0.02	0.02	0.32	0.28	0.27
Borrowings ('000)	(i)38,755	(ii)35,570	35,570	1,735	1,735	1,735	1,735
Gearing (times)	0.92	0.85	0.85	0.02	0.02	0.02	0.02

Notes:

- (i) Inclusive of the settlement amount in relation to the Proposed Debt Settlement with TAP, DSC, CKS, TSS, AOF I and AOF amounting to RM37,020,000 pursuant to the Capitalisation Agreements that are classified as other payables.

- (ii) After adjusting for the revised Settlement Amount in relation to the Proposed Debt Settlement with TAP DSC, CKS, AOF 1 and AOF pursuant to the Supplemental Capitalisation Agreements and the RM5,000,000 loan amount owing to GIP pursuant to the Capitalisation Agreement 7.
- (iii) The reduction of the ordinary share capital amounting to approximately RM1.20 billion arising from the Proposed Capital Reduction will be credited to the accumulated losses account to offset the accumulated losses of TXB.
- (iv) After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.
- (v) After adjusting for estimated expenses of RM1.00 million in relation to the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants.
- (vi) After accounting for the creation of warrant reserve.
- (vii) After accounting for the reversal of warrant reserve.

Maximum Scenario

	Audited As at 31 December 2022	After adjustment for subsequent event	Assuming full issuance and conversion/ exercise of convertible securities	After the Proposed Capital Reduction	After the Proposed Debt Settlement	After the Proposed Share Consolidation	After the Proposed Rights Issue with Warrants	Assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	1,224,219	1,224,219	1,243,793	44,058	77,893	77,893	(vii)94,259	(viii)157,143
Foreign currency translation reserve	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)
Warrant reserves	-	-	-	-	-	-	(vii)16,340	(viii)-
Share option reserve	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920
Employee share option scheme reserve	7,812	7,812	(iii)-	-	-	-	-	-
(Accumulated losses)/ Retained earnings	(1,193,884)	(1,193,884)	(1,193,884)	(iv)(v)5,651	5,651	5,651	(vi)4,651	4,651

	Audited As at 31 December 2022	After adjustment for subsequent event	Assuming full issuance and conversion/ exercise of convertible securities	After the Proposed Capital Reduction	After the Proposed Settlement Debt	After the Proposed Share Consolidation	After the Proposed Rights Issue with Warrants	Assuming full exercise of Warrants
Equity attributable to the owners of the Company	42,029	42,029	53,791	53,591	87,426	87,426	119,132	165,676
Non-controlling interest	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)
Total Equity	41,837	41,837	53,599	53,399	87,234	87,234	118,940	165,484
No. of Shares ('000)	2,214,715	2,214,715	2,543,922	2,543,922	5,031,753	251,588	503,175	754,763
NA/(NL) per Share (RM)	0.02	0.02	0.02	0.02	0.02	0.35	0.24	0.22
Borrowings ('000)	(i)38,755	(ii)35,570	35,570	35,570	1,735	1,735	1,735	1,735
Gearing (times)	0.92	0.85	0.66	0.66	0.02	0.02	0.01	0.01

Notes:

- (i) Inclusive of the settlement amount in relation to the Proposed Debt Settlement with TAP, DSC, CKS, TSS, AOF I and AOF amounting to RM37,020,000 pursuant to the Capitalisation Agreements that are classified as other payables.
- (ii) After adjusting for the revised Settlement Amount in relation to the Proposed Debt Settlement with TAP DSC, CKS, TSS, AOF 1 and AOF pursuant to the Supplemental Capitalisation Agreements and the RM5,000,000 loan amount owing to GIP pursuant to the Capitalisation Agreement 7.
- (iii) After accounting for the reversal of RM7,812,200 ESOS reserves to the share capital of the Company.
- (iv) The reduction of the ordinary share capital amounting to approximately RM1.20 billion arising from the Proposed Capital Reduction will be credited to the accumulated losses account to offset the accumulated losses of TXB.
- (v) After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.
- (vi) After adjusting for the estimated expenses of RM1.00 million in relation to the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants.

- (vii) After accounting for the creation of warrant reserve.
- (viii) After accounting for the reversal of warrant reserve.

6.3 Earnings and EPS

The Proposals are not expected to have any material effect on the earnings of TXB for the financial year ending 31 December 2023. However, the EPS of TXB may be diluted as a result of the issuance of new TXB Shares arising from the Proposals.

For illustration purposes, based on the financial year ended 31 December 2022 audited consolidated financial statements of TXB assuming the Proposals have been effected on 1 January 2022, the pro forma effects of the Proposals on the PAT and EPS are as follows:-

	Minimum Scenario			Maximum Scenario		
	RM'000	No. of Shares ('000)	EPS (sen)	RM'000	No. of Shares ('000)	EPS (sen)
Audited PAT attributable to shareholders as at 31 December 2022						
As at the LPD	262,299	2,214,715	11.84	262,299	2,214,715	11.84
Assuming full issuance and conversion/ exercise of convertible securities	-	-	-	262,299	2,543,922	10.31
After the Proposed Capital Reduction	⁽ⁱ⁾ 262,099	2,214,715	11.83	⁽ⁱ⁾ 262,099	2,543,922	10.30
After the Proposed Debt Settlement	262,099	4,702,546	5.57	262,099	5,031,753	5.21
After the Proposed Share Consolidation	262,099	235,127	111.47	262,099	251,588	104.18
After the Proposed Rights Issue with Warrants	⁽ⁱⁱ⁾ 261,099	288,973	90.35	⁽ⁱⁱ⁾ 261,099	503,175	51.89
After full exercise of Warrants	261,099	342,820	76.16	261,099	754,763	34.59

Notes:

- (i) After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.
- (ii) After adjusting for the estimated expenses of RM1.00 million in relation to the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants.

6.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposals on the shareholdings of the substantial shareholders of the Company are set out below:

Minimum Scenario

	As at 29 December 2023 ^(a)				After the Proposed Capital Reduction ^(b)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Rock Point Alliance Pte. Ltd.	285,150,080	12.88	-	-	285,150,080	12.88	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanaku Ja'afar	12,073,700	0.55	⁽¹⁾ 304,642,259	13.76	12,073,700	0.55	⁽¹⁾ 304,642,259	13.76
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanaku Ja'afar	1,221,500	0.06	⁽²⁾ 315,492,959	14.25	1,221,500	0.06	⁽²⁾ 315,492,959	14.25
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanaku Ja'afar	1,166,500	0.05	⁽³⁾ 315,547,959	14.25	1,166,500	0.05	⁽³⁾ 315,547,959	14.25
Y.A.M. Tunku Tan Sri Imran Ibni Tuanaku Ja'afar	1,176,500	0.05	⁽⁴⁾ 315,537,959	14.25	1,176,500	0.05	⁽⁴⁾ 315,537,959	14.25
Y.A.M. Tunku Irinah Binti Tuanaku Ja'afar	1,154,250	0.05	⁽⁵⁾ 315,560,209	14.25	1,154,250	0.05	⁽⁵⁾ 315,560,209	14.25
Y.A.M. Tunku Jawahir Binti Tuanaku Ja'afar	1,076,550	0.05	⁽⁶⁾ 315,637,909	14.25	1,076,550	0.05	⁽⁶⁾ 315,637,909	14.25
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	*	⁽⁷⁾ 316,615,759	14.30	100,200	*	⁽⁷⁾ 316,615,759	14.30

	As at 29 December 2023 ^(a)			After the Proposed Capital Reduction ^(b)				
	Direct		Indirect	Direct		Indirect		
	No of Shares	%	No of Shares	No of Shares	%	No of Shares		
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	*	(8)308,960,230	13.95	1,500	*	(8)308,960,230	13.95
TAP	-	-	-	-	-	-	-	-
Datuk Lim Chih Li @ Lin ZhiLi	2,350,000	0.11	-	-	2,350,000	0.11	-	-
Datin Lee Cheng Ling	-	-	-	-	-	-	-	-
Tremendous Asia Management Inc.	-	-	-	-	-	-	-	-
DSC	-	-	-	-	-	-	-	-
Jaleeludeen Bin Abu Baker	438,633	0.02	-	-	438,633	0.02	-	-
GIP	-	-	-	-	-	-	-	-
Wong Guan Siew	-	-	-	-	-	-	-	-
Tan Yi Sin	-	-	-	-	-	-	-	-
CKS	6,000,000	0.27	-	-	6,000,000	0.27	-	-
TSS	-	-	-	-	-	-	-	-
AOF I	-	-	-	-	-	-	-	-
AOF	21,000,085	0.95	-	-	21,000,085	0.95	-	-
Public shareholders	1,860,813,177	84.02	-	-	1,860,813,177	84.02	-	-

	After the Proposed Debt Settlement ^(c)			After the Proposed Share Consolidation ^(d)			
	Direct		Indirect	Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	
Rock Point Alliance Pte. Ltd.	285,150,080	6.06	-	-	14,257,504	6.06	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	0.26	⁽¹⁾ 304,642,259	6.48	603,685	0.26	⁽¹⁾ 15,232,112
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,221,500	0.03	⁽²⁾ 315,492,959	6.71	61,075	0.03	⁽²⁾ 15,774,647
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar	1,166,500	0.02	⁽³⁾ 315,547,959	6.71	58,325	0.02	⁽³⁾ 15,777,397
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	1,176,500	0.03	⁽⁴⁾ 315,537,959	6.71	58,825	0.03	⁽⁴⁾ 15,776,897
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	1,154,250	0.02	⁽⁵⁾ 315,560,209	6.71	57,712	0.02	⁽⁵⁾ 15,778,010
Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar	1,076,550	0.02	⁽⁶⁾ 315,637,909	6.71	53,827	0.02	⁽⁶⁾ 15,781,895
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	*	⁽⁷⁾ 316,615,759	6.73	5,010	*	⁽⁷⁾ 15,830,787
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	*	⁽⁸⁾ 308,960,230	6.57	75	*	⁽⁸⁾ 15,448,011
TAP	1,544,117,645	32.84	-	-	77,205,882	32.84	-
Datuk Lim Chih Li @ Lin ZhiLi	2,350,000	0.05	⁽⁹⁾ 1,544,117,645	32.84	117,500	0.05	⁽⁹⁾ 77,205,882
Datin Lee Cheng Ling	-	-	⁽¹³⁾ 1,544,117,645	32.84	-	-	⁽¹³⁾ 77,205,882
Tremendous Asia Management Inc.	-	-	⁽¹⁴⁾ 1,544,117,645	32.84	-	-	⁽¹⁴⁾ 77,205,882
DSC	133,419,118	2.84	-	-	6,670,955	2.84	-

	After the Proposed Debt Settlement ^(c)			After the Proposed Share Consolidation ^(d)			
	Direct		Indirect	Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	
Jaleeludeen Bin Abu Baker	438,633	0.01	⁽¹⁰⁾ 133,419,118	2.84	21,931	⁽¹⁰⁾ 6,670,955	2.84
GIP	367,647,059	7.82	-	-	18,382,352	-	-
Wong Guan Siew	-	-	⁽¹¹⁾ 367,647,059	7.82	-	⁽¹¹⁾ 18,382,352	7.82
Tan Yi Sin	-	-	⁽¹¹⁾ 367,647,059	7.82	-	⁽¹¹⁾ 18,382,352	7.82
CKS	191,294,118	4.07	-	-	9,564,705	-	-
TSS	110,294,118	2.35	-	-	5,514,705	-	-
AOF I	110,294,118	2.35	-	-	5,514,705	-	-
AOF	57,764,791	1.23	-	-	2,888,239	-	-
Public shareholders	1,860,813,177	39.57	-	-	93,040,658	-	-
	After Proposed Rights Issue with Warrants ^(e)			Assuming full conversion of Warrants ^(f)			
	Direct		Indirect	Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	
Rock Point Alliance Pte. Ltd.	14,257,504	4.93	-	-	14,257,504	4.16	-
Y.A.M. Tunku Naquiyuddin Ibni TuanKu Ja'afar	603,685	0.21	⁽¹⁾ 15,232,112	5.27	603,685	⁽¹⁾ 15,232,112	4.44
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni TuanKu Ja'afar	61,075	0.02	⁽²⁾ 15,774,647	5.46	61,075	⁽²⁾ 15,774,647	4.60
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti TuanKu Ja'afar	58,325	0.02	⁽³⁾ 15,777,397	5.46	58,325	⁽³⁾ 15,777,397	4.60

	After Proposed Rights Issue with Warrants ^(e)				Assuming full conversion of Warrants ^(f)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	58,825	0.02	⁽⁴⁾ 15,776,897	5.46	58,825	0.02	⁽⁴⁾ 15,776,897	4.60
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	57,712	0.02	⁽⁵⁾ 15,778,010	5.46	57,712	0.02	⁽⁵⁾ 15,778,010	4.60
Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar	53,827	0.02	⁽⁶⁾ 15,781,895	5.46	53,827	0.02	⁽⁶⁾ 15,781,895	4.60
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	5,010	*	⁽⁷⁾ 15,830,787	5.48	5,010	*	⁽⁷⁾ 15,830,787	4.62
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	75	*	⁽⁸⁾ 15,448,011	5.35	75	*	⁽⁸⁾ 15,448,011	4.51
TAP	77,205,882	26.72	-	-	77,205,882	22.52	-	-
Datuk Lim Chih Li @ Lin ZhiLi	117,500	0.04	⁽⁹⁾ 77,205,882	26.72	117,500	0.03	⁽⁹⁾ 77,205,882	22.52
Datin Lee Cheng Ling	-	-	⁽¹³⁾ 77,205,882	26.72	-	-	⁽¹³⁾ 77,205,882	22.52
Tremendous Asia Management Inc.	-	-	⁽¹⁴⁾ 77,205,882	26.72	-	-	⁽¹⁴⁾ 77,205,882	22.52
DSC	⁽¹²⁾ 60,517,109	20.94	-	-	114,363,263	33.36	-	-
Jaleeludeen Bin Abu Baker	21,931	0.01	⁽¹⁰⁾ ⁽¹²⁾ 60,517,109	20.94	21,931	0.01	⁽¹⁰⁾ 114,363,263	33.36
GIP	18,382,352	6.36	-	-	18,382,352	5.36	-	-
Wong Guan Siew	-	-	⁽¹¹⁾ 18,382,352	6.36	-	-	⁽¹¹⁾ 18,382,352	5.36
Tan Yi Sin	-	-	⁽¹¹⁾ 18,382,352	6.36	-	-	⁽¹¹⁾ 18,382,352	5.36
CKS	9,564,705	3.31	-	-	9,564,705	2.79	-	-

	After Proposed Rights Issue with Warrants ^(e)				Assuming full conversion of Warrants ^(f)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
TSS	5,514,705	1.91	-	-	5,514,705	1.61	-	-
AOF I	5,514,705	1.91	-	-	5,514,705	1.61	-	-
AOF	2,888,239	1.00	-	-	2,888,239	0.84	-	-
Public shareholders	93,040,658	32.20	-	-	93,040,658	27.14	-	-

Maximum Scenario

	As at 29 December 2023 ^(a)				Assuming full issuance and conversion/ exercise of convertible securities ^(g)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Rock Point Alliance Pte. Ltd.	285,150,080	12.88	-	-	285,150,080	11.21	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	0.55	⁽¹⁾ 304,642,259	13.76	62,073,700	2.44	⁽¹⁾ 304,642,259	11.98
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,221,500	0.06	⁽²⁾ 315,492,959	14.25	1,221,500	0.05	⁽²⁾ 365,492,959	14.37
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar	1,166,500	0.05	⁽³⁾ 315,547,959	14.25	1,166,500	0.05	⁽³⁾ 365,547,959	14.37
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	1,176,500	0.05	⁽⁴⁾ 315,537,959	14.25	1,176,500	0.05	⁽⁴⁾ 365,537,959	14.37
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	1,154,250	0.05	⁽⁵⁾ 315,560,209	14.25	1,154,250	0.05	⁽⁵⁾ 365,560,209	14.37
Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar	1,076,550	0.05	⁽⁶⁾ 315,637,909	14.25	1,076,550	0.04	⁽⁶⁾ 365,637,909	14.37

	As at 29 December 2023 ^(a)				Assuming full issuance and conversion/ exercise of convertible securities ^(g)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	*	⁽⁷⁾ 316,615,759	14.30	100,200	*	⁽⁷⁾ 366,615,759	14.41
Y.M. Tunku Mohamed Alauddin Tunku Naqiyuddin	1,500	*	⁽⁸⁾ 308,960,230	13.95	1,500	*	⁽⁸⁾ 358,960,230	14.11
TAP	-	-	-	-	-	-	-	-
Datuk Lim Chih Li @ Lin ZhiLi	2,350,000	0.11	-	-	62,350,000	2.45	-	-
Datin Lee Cheng Ling	-	-	-	-	-	-	-	-
Tremendous Asia Management Inc.	-	-	-	-	-	-	-	-
DSC	-	-	-	-	-	-	-	-
Jaleeludeen Bin Abu Baker	438,633	0.02	-	-	438,633	0.02	-	-
GIP	-	-	-	-	-	-	-	-
Wong Guan Siew	-	-	-	-	-	-	-	-
Tan Yi Sin	-	-	-	-	-	-	-	-
CKS	6,000,000	0.27	-	-	6,000,000	0.24	-	-
TSS	-	-	-	-	-	-	-	-
AOF I	-	-	-	-	-	-	-	-
AOF	21,000,085	0.95	-	-	21,000,085	0.83	-	-

	After the Proposed Capital Reduction ^(h)			After the Proposed Debt Settlement ⁽ⁱ⁾			
	Direct		Indirect	Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	*	(8)358,960,230	14.11	1,500	(8)358,960,230	7.13
TAP	-	-	-	-	1,544,117,645	-	30.69
Datuk Lim Chih Li @ Lin ZhiLi	62,350,000	2.45	-	-	62,350,000	(9)1,544,117,645	1.24
Datin Lee Cheng Ling	-	-	-	-	-	(13)1,544,117,645	-
Tremendous Asia Management Inc.	-	-	-	-	-	(14)1,544,117,645	-
DSC	-	-	-	-	133,419,118	-	2.65
Jaleeludeen Bin Abu Baker	438,633	0.02	-	-	438,633	(10)133,419,118	0.01
GIP	-	-	-	-	367,647,059	-	7.31
Wong Guan Siew	-	-	-	-	-	(11)367,647,059	-
Tan Yi Sin	-	-	-	-	-	(11)367,647,059	-
CKS	6,000,000	0.24	-	-	191,294,118	-	3.80
TSS	-	-	-	-	110,294,118	-	2.19
AOF I	-	-	-	-	110,294,118	-	2.19
AOF	21,000,085	0.83	-	-	57,764,791	-	1.15
Shareholders who exercised ESOS Options (collectively)	219,207,210	8.62	-	-	219,207,210	-	4.36
Public shareholders	1,860,813,177	73.15	-	-	1,860,813,177	-	36.98

	After the Proposed Share Consolidation ⁽ⁱ⁾				After the Proposed Rights Issue with Warrants ^(k)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Rock Point Alliance Pte. Ltd.	14,257,504	5.67	-	-	28,515,008	5.67	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	3,103,685	1.23	⁽¹⁾ 15,232,112	6.05	6,207,370	1.23	⁽¹⁾ 30,464,224	6.05
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	61,075	0.02	⁽²⁾ 18,274,647	7.26	122,150	0.02	⁽²⁾ 36,549,294	7.26
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar	58,325	0.02	⁽³⁾ 18,277,397	7.26	116,650	0.02	⁽³⁾ 36,554,794	7.26
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	58,825	0.02	⁽⁴⁾ 18,276,897	7.26	117,650	0.02	⁽⁴⁾ 36,553,794	7.26
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	57,712	0.02	⁽⁵⁾ 18,278,010	7.27	115,424	0.02	⁽⁵⁾ 36,556,020	7.27
Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar	53,827	0.02	⁽⁶⁾ 18,281,895	7.27	107,654	0.02	⁽⁶⁾ 36,563,790	7.27
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	5,010	*	⁽⁷⁾ 18,330,787	7.29	10,020	*	⁽⁷⁾ 36,661,574	7.29
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	75	*	⁽⁸⁾ 17,948,011	7.13	150	*	⁽⁸⁾ 35,896,022	7.13
TAP	77,205,882	30.69	-	-	154,411,764	30.69	-	-
Datuk Lim Chih Li @ Lin ZhiLi	3,117,500	1.24	⁽⁹⁾ 77,205,882	30.69	6,235,000	1.24	⁽⁹⁾ 154,411,764	30.69
Datin Lee Cheng Ling	-	-	⁽¹³⁾ 77,205,882	30.69	-	-	⁽¹³⁾ 154,411,764	30.69
Tremendous Asia Management Inc.	-	-	⁽¹⁴⁾ 77,205,882	30.69	-	-	⁽¹⁴⁾ 154,411,764	30.69

	After the Proposed Share Consolidation ⁽ⁱ⁾				After the Proposed Rights Issue with Warrants ^(k)			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
DSC	6,670,955	2.65	-	-	13,341,910	2.65	-	-
Jaleeludeen Bin Abu Baker	21,931	0.01	⁽¹⁰⁾ 6,670,955	2.65	43,862	0.01	⁽¹⁰⁾ 13,341,910	2.65
GIP	18,382,352	7.31	-	-	36,764,704	7.31	-	-
Wong Guan Siew	-	-	⁽¹¹⁾ 18,382,352	7.31	-	-	⁽¹¹⁾ 36,764,704	7.31
Tan Yi Sin	-	-	⁽¹¹⁾ 18,382,352	7.31	-	-	⁽¹¹⁾ 36,764,704	7.31
CKS	9,564,705	3.80	-	-	19,129,410	3.80	-	-
TSS	5,514,705	2.19	-	-	11,029,410	2.19	-	-
AOF I	5,514,705	2.19	-	-	11,029,410	2.19	-	-
AOF	2,888,239	1.15	-	-	5,776,478	1.15	-	-
Shareholders who exercised ESOS Options (collectively)	10,960,360	4.36	-	-	21,920,720	4.36	-	-
Public shareholders	93,040,658	36.98	-	-	186,081,316	36.98	-	-

After full conversion of Warrants^(l)

	Direct		Indirect	
	No of Shares	%	No of Shares	%
Rock Point Alliance Pte. Ltd.	42,772,512	5.67	-	-
Y.A.M. Tunku Naquiyuddin Ibni TuanKu Ja'afar	9,311,055	1.23	⁽¹⁾ 45,696,336	6.05

After full conversion of Warrants ⁽¹⁾				
	Direct		Indirect	
	No of Shares	%	No of Shares	%
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	183,225	0.02	⁽²⁾ 54,823,941	7.26
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar	174,975	0.02	⁽³⁾ 54,832,191	7.26
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	176,475	0.02	⁽⁴⁾ 54,830,691	7.26
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	173,136	0.02	⁽⁵⁾ 54,834,030	7.27
Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar	161,481	0.02	⁽⁶⁾ 54,845,685	7.27
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	15,030	*	⁽⁷⁾ 54,992,361	7.29
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	225	*	⁽⁸⁾ 53,844,033	7.13
TAP	231,617,646	30.69	-	-
Datuk Lim Chih Li @ Lin ZhiLi	9,352,500	1.24	⁽⁹⁾ 231,617,646	30.69
Datin Lee Cheng Ling	-	-	⁽¹³⁾ 231,617,646	30.69
Tremendous Asia Management Inc.	-	-	⁽¹⁴⁾ 231,617,646	30.69
DSC	20,012,865	2.65	-	-
Jaleeludeen Bin Abu Baker	65,793	0.01	⁽¹⁰⁾ 20,012,865	2.65
GIP	55,147,056	7.31	-	-

	After full conversion of Warrants ⁽¹⁾			
	Direct		Indirect	
	No of Shares	%	No of Shares	%
Wong Guan Siew	-	-	(11)55,147,056	7.31
Tan Yi Sin	-	-	(11)55,147,056	7.31
CKS	28,694,115	3.80	-	-
TSS	16,544,115	2.19	-	-
AOF I	16,544,115	2.19	-	-
AOF	8,664,717	1.15	-	-
Shareholders who exercised ESOS Options (collectively)	32,881,080	4.36	-	-
Public shareholders	279,121,974	36.98	-	-

Notes:

- * Less than 0.005
- (a) Based on 2,214,714,736 TXB Shares as at 29 December 2023.
- (b) Based on 2,214,714,736 TXB Shares after the Proposed Capital Reduction under Minimum Scenario.
- (c) Based on 4,702,545,618 TXB Shares after the Proposed Debt Settlement under Minimum Scenario.
- (d) Based on 235,127,280 TXB Shares after the Proposed Share Consolidation under Minimum Scenario.
- (e) Based on 288,973,434 TXB Shares after the Proposed Rights Issue with Warrants under Minimum Scenario.
- (f) Based on 342,819,588 TXB Shares assuming full exercise of Warrants under Minimum Scenario.

- (g) Based on 2,543,921,946 TXB Shares assuming full issuance and conversion/exercise of convertible securities under Maximum Scenario.
- (h) Based on 2,543,921,946 TXB Shares after the Proposed Capital Reduction under Maximum Scenario.
- (i) Based on 5,031,752,828 TXB Shares after the Proposed Debt Settlement under Maximum Scenario.
- (j) Based on 251,587,641 TXB Shares after the Proposed Share Consolidation under Maximum Scenario.
- (k) Based on 503,175,282 TXB Shares after the Proposed Rights Issue with Warrants under Maximum Scenario.
- (l) Based on 754,762,923 TXB Shares assuming full exercise of Warrants under Maximum Scenario.
- (1) Deemed interested by virtue of:
- Him being the sibling to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar and Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar;
 - Him being the father of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin;
 - Him being the spouse of Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - His substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in TXB;
 - His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (2) Deemed interested by virtue of:
- Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar and Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar;
 - Him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in TXB;
 - His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (3) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Naqiyuddin Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar;
 - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in TXB;
 - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (4) Deemed interested by virtue of:
- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tunku Ja'afar and Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar;
 - Him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in TXB;
 - His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (5) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tunku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tunku Ja'afar and Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar;
 - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in TXB;
 - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tunku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (6) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Irinah Binti Tuanku Ja'afar;
 - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in TXB;
 - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (7) Deemed interested by virtue of:
- Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar;
 - Her being the sister-in-law to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Binti Tuanku Ja'afar and Y.A.M. Tunku Jawahir Binti Tuanku Ja'afar;
 - Her being the mother of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin;
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in TXB;
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (8) Deemed interested by virtue of:
- Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;
 - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; and
 - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has a direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (9) Deemed interested by virtue of the shareholdings of his spouse in the Company pursuant to Section 59(11)(c) of the Act.
- (10) Deemed interested by virtue of his entire shareholdings in DSC.
- (11) Deemed interested by virtue of his/her shareholdings in GIP.
- (12) Pursuant to the Undertaking.
- (13) Deemed interested by virtue of her shareholdings in Tremendous Asia Management Inc.
- (14) Deemed interested by virtue of its shareholdings in TAP.

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6.5 Convertible securities

As at LPD, save for the ESOS, the Company does not have any other existing convertible securities.

6.5.1 ESOS

Consequential to the Proposed Share Consolidation and Proposed Rights Issue with Warrants, the exercise price and/or number of granted ESOS Options may be adjusted in accordance with the provisions of the By-Laws to ensure that the status of the holders of the ESOS Option is not prejudiced as a result of the Proposed Share Consolidation and Proposed Rights Issue with Warrants.

Such adjustments (if any) will only be finalised on the respective entitlement dates for Proposed Share Consolidation and Proposed Rights Issue with Warrants and will be effective on the date following to the respective entitlement dates, and the relevant notifications to the respective holders will be issued by the Company at a later date.

The Proposed Capital Reduction and Proposed Debt Settlement will not have any effect on the exercise price and/or number of granted ESOS Options. As such, no adjustments are required to be made to the exercise price and/or number of granted ESOS Options.

7. APPROVALS REQUIRED

The Proposals are subject to the following approvals:

- (i) Bursa Securities for the following:
 - (a) listing of and quotation of 2,487,830,882 Settlement Shares to be issued pursuant to the Proposed Debt Settlement on the Main Market of Bursa Securities;
 - (b) Proposed Share Consolidation;
 - (c) listing of and quotation of up to 251,587,641 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities;
 - (d) admission to the Official List of Bursa Securities and listing and quotation of up to 251,587,641 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
 - (e) listing and quotation of up to 251,587,641 new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities;

The approval of Bursa Securities is subject to the following conditions:

<u>No.</u>	<u>Condition</u>	<u>Status of compliance</u>
(1)	TXB and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;	To be complied
(2)	TXB must comply with the public security holding spread requirements pursuant to paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the new TXB shares	To be complied

No.	Condition	Status of compliance
(3)	TXB is required to furnish Bursa Securities with a certified true copy of the resolutions passed by its shareholders at a general meeting for the Proposals;	To be complied
(4)	TXB and M&A Securities are required to inform Bursa Securities upon completion of the Proposals;	To be complied
(5)	TXB and M&A Securities are required to provide a written confirmation that the terms of the Warrants are in compliance with paragraph 6.54(3) of the Listing Requirements;	To be complied
(6)	In respect of the Proposed Share Consolidation, TXB or M&A Securities are required to make the relevant announcements pursuant to paragraphs 6.56(2)(ii) and (iii) and paragraph 13.20(2) of the Listing Requirements;	To be complied
(7)	TXB is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed; and	To be complied
(8)	TXB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) shareholders or non-interested shareholders of TXB, where applicable, at an EGM of the Company to be convened;

Note:

*Pursuant to Section 85(1) of the Act read together read together with paragraph 7.08 of the Listing Requirements and Clause 17 of the Constitution of the Company, TXB's shareholders have statutory pre-emptive rights to be offered any new Shares which rank equally to the existing Shares ("**Statutory Pre-Emptive Rights**"). By voting in favour of the resolution on the Proposed Debt Settlement, i.e. Ordinary resolution 1, TXB's shareholders will in effect be waiving their Statutory Pre-Emptive Rights to be first offered the new Shares to be issued by the Company which they are entitled to pursuant to Clause 17 of the Constitution of the Company and read together with Section 85(1) of the Act, with such waiver resulting in a dilution to their shareholding percentage in the Company and agreeing to TXB's issue of the Settlement Shares to Creditors in accordance with the Capitalisation Agreements.*

- (iii) the Order from the High Court of Malaya sanctioning the Proposed Capital Reduction pursuant to Section 116 of the Act;
- (iv) financier and/or creditors of TXB, if required; and
- (v) any other relevant authority or parties, if required.

8. HISTORICAL SHARE PRICE

The monthly highest and lowest market prices of TXB Shares as traded on Main Market of Bursa Securities for the period of 12 months up to the LPD are set out below:

	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
2022		
December	0.030	0.020
2023		
January	0.030	0.020
February	0.030	0.020
March	0.025	0.015
April	0.020	0.010
May	0.020	0.010
June	0.025	0.010
July	0.020	0.015
August	0.015	0.010
September	0.020	0.010
October	0.020	0.010
November	0.020	0.010

The last transacted market price of TXB Shares on the Announcement LPD is RM0.0150.

The last transacted market price of TXB Shares as at the LPD is RM0.0100.

(Source: M&A Securities)

9. INTER-CONDITIONALITY

The Proposed Capital Reduction is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

The Proposed Debt Settlement is not conditional upon the Proposed Capital Reduction, Proposed Share Consolidation and Proposed Rights Issue with Warrants.

The Proposed Share Consolidation is conditional upon the Proposed Debt Settlement but not conditional upon the Proposed Capital Reduction and Proposed Rights Issue with Warrants.

The Proposed Rights Issue with Warrants is conditional upon the Proposed Debt Settlement and Proposed Share Consolidation but not conditional upon the Proposed Capital Reduction.

As such, completion sequence for the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants is as follows:

- (i) Proposed Debt Settlement;
- (ii) Proposed Share Consolidation; and
- (iii) Proposed Rights Issue with Warrants.

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSON(S) CONNECTED TO THEM

Save as disclosed below and their respective entitlements as shareholders of the Company in relation to the Proposed Capital Reduction, Proposed Share Consolidation and Proposed Rights Issue with Warrants, whereby the rights of which are also available to all other existing shareholders of the Company, none of the directors, major shareholders, chief executive of the Company and/or person connected to them have any interest, direct and/or indirect, in the Proposals.

(i) Datuk Lim Chih Li @ Lin ZhiLi

Datuk Lim Chih Li @ Lin ZhiLi is an Interested Director in relation to the Proposed Debt Settlement with TAP as he is the Executive Director of TXB and given his interests in TAP being a director and shareholder (via its direct and indirect shareholding in Tremendous Asia Management Inc.).

Datuk Lim Chih Li @ Lin ZhiLi has abstained and will continue to abstain from deliberating and voting on any resolution pertaining to the Proposed Debt Settlement at any Board meeting.

Datuk Lim Chih Li @ Lin ZhiLi will abstain from voting in respect of his direct and/or indirect shareholdings in TXB on the resolution pertaining to the Proposed Debt Settlement to be tabled at TXB's forthcoming EGM to be convened. Furthermore, he has also undertaken to ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in TXB on the resolution pertaining to the Proposed Debt Settlement to be tabled at TXB's forthcoming EGM.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Debt Settlement pursuant to Paragraph 10.02(g) of the Listing Requirements is 62.80% computed based on the Settlement Amount of RM21.00 million due to TAP against the market capitalisation of the Group based on the 5D-VWAMP of the Shares as at the Announcement LPD of RM33.44 million.

12. TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PAST 12 MONTHS

Save for the loan provided by TAP to TXB of RM30.27 million and the Proposed Debt Settlement with TAP, there were no other transactions entered into between TXB Group and/or the Interested Director as well as persons connected to him for the preceding 12 months from the LPD.

13. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of TXB having considered all aspects of the Proposed Debt Settlement, including the salient terms of the Capitalisation Agreements and Supplemental Capitalisation Agreements, basis and justification of the Settlement Issue Price, rationale and effects of the Proposed Debt Settlement as well as the evaluation of FHCA for the Proposed Debt Settlement, is of the opinion that the Proposed Debt Settlement is:

- (i) in the best interest of TXB Group;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of TXB.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director), having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are fair and reasonable and are in the best interests of the Company and its shareholders. Accordingly, the Board (save for the Interested Director in the Proposed Debt Settlement) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM to be convened.

15. ADVISER

M&A Securities has been appointed as the principal adviser to the Company for the Proposals.

The Proposed Debt Settlement with TAP is a related party transaction pursuant to the Listing Requirements in view of the interests of the Interested Director as set out in Sections 2.2.1(i) and 10 of this Circular.

FHCA has been appointed on 22 February 2023 to act as the independent adviser to:

- (i) provide an independent evaluation of the Proposed Debt Settlement with TAP and to form an opinion as to:
 - (a) whether the Proposed Debt Settlement with TAP is fair and reasonable insofar as TXB's shareholders are concerned; and
 - (b) whether the Proposed Debt Settlement with TAP is to the detriment of non-interested shareholders of TXB and such opinion will be set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion; and
- (ii) advise the non-interested shareholders of TXB on whether they should vote in favour of the resolution pertaining to the Proposed Debt Settlement with TAP to be tabled at the forthcoming EGM.

16. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals which are the subject matter of this Circular, the Board confirms that there is no other outstanding corporate proposal announced by the Company to Bursa Securities, the completion of which is still pending.

17. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained by the Company, the Proposals are expected to be completed by second quarter of 2024.

The indicative timetable of events in relation to the Proposed Capital Reduction is set out below:

Tentative dates	Events
8 February 2024	<ul style="list-style-type: none">• EGM
Mid February 2024	<ul style="list-style-type: none">• Application to the High Court of Malaya
Early March 2024	<ul style="list-style-type: none">• Order granted by the High Court of Malaya• Lodgement of a sealed copy of the Order with the Registrar of Companies• Completion of the Proposed Capital Reduction

The indicative timetable of events in relation to the Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants is set out below:

Tentative dates	Events
8 February 2024	<ul style="list-style-type: none">• EGM
Mid March 2024	<ul style="list-style-type: none">• Listing of and quotation for the Settlement Shares• Announcement of the Consolidated Shares Entitlement Date
End March 2024	<ul style="list-style-type: none">• Listing of and quotation for the Consolidated Shares
Early April 2024	<ul style="list-style-type: none">• Announcement of the Rights Shares with Warrants Entitlement date
Mid May 2024	<ul style="list-style-type: none">• Listing of and quotation for the Rights Shares with Warrants

18. EGM

The EGM, the notice of which is enclosed with this Circular, will be held at The Pavilion @ Royal Lake Club, Taman Tasik Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 8 February 2024 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions so as to give effect to the Proposals.

If you are unable to participate and vote at the EGM, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not later than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

19. FURTHER INFORMATION

Please refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
TECHNA-X BERHAD

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO
THE SHAREHOLDERS OF TXB IN RELATION TO THE
PROPOSED DEBT SETTLEMENT**

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE “DEFINITIONS” SECTION OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED DEBT SETTLEMENT. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAL IN ITS ENTIRETY FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM FHCA, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED DEBT SETTLEMENT. THIS IAL SHOULD ALSO BE READ IN CONJUNCTION WITH THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DEBT SETTLEMENT AT THE FORTHCOMING EGM OF THE COMPANY.

1. INTRODUCTION

On 29 November 2022, 21 December 2022, 20 January 2023, 14 April 2023, 12 May 2023 and 14 December 2023, on behalf of the Board, M&A Securities announced that the Company proposed to undertake the following:

- (i) Proposed Capital Reduction;
 - (ii) Proposed Debt Settlement;
 - (iii) Proposed Share Consolidation; and
 - (iv) Proposed Rights Issue with Warrants.
- (Collectively, The “**Proposals**”)

The Proposed Debt Settlement is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as a director of the Company have direct or indirect interest in the Proposed Debt Settlement as described in Section 10, Part A of the Circular. Accordingly, the Board had on 22 February 2023 appointed FHCA as the Independent Adviser (“**IA**”) to advise the non-interested directors and non-interested shareholders of the Company in relation to the fairness and reasonableness of the Proposed Debt Settlement.

For information purposes, the Proposed Capital Reductions is not inter-conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

The Proposed Debt Settlement is not conditional upon the Proposed Capital Reduction, Proposed Share Consolidation and Proposed Rights Issue with Warrants.

The Proposed Share Consolidation is conditional upon the Proposed Debt Settlement but not conditional upon the Proposed Capital Reduction and Proposed Rights Issue with Warrants.

The Proposed Rights Issue with Warrants is conditional upon the Proposed Debt Settlement and Proposed Share Consolidation but not conditional upon the Proposed Capital Reduction.

The Proposals shall be undertaken upon completion of the foregoing proposal at the sequences set out in Section 9, Part A of the Circular.

The purpose of this IAL is to provide the non-interested directors and the non-interested shareholders of the Company with an independent evaluation of the Proposed Debt Settlement, to form an opinion as to whether the Proposed Debt Settlement is fair and reasonable in so far as the non-interested shareholders of the Company are concerned and whether the Proposed Debt Settlement are to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolutions pertaining to the Proposed Debt Settlement to be tabled at the forthcoming EGM, subject to the limitation of our role and evaluation as explained herein. Other than for this intended purpose, this IAL should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our expressed written consent.

In arriving at our opinion and recommendation on the Proposed Debt Settlement, we had taken into consideration the following bases and analyses:

2. EVALUATION OF THE PROPOSED DEBT SETTLEMENT

2.1. RATIONALE OF THE PROPOSED DEBT SETTLEMENT

The rationale for the Proposed Debt Settlement is as set out in Section 4.2, Part A of the Circular.

We note that the debt with TAP arose to fulfil its obligation to repay the advances from the creditors to fund the acquisition of Touchpoint International Sdn Bhd, Wavetree PLT, Techna Analytics Sdn Bhd (formerly known as MD Labs Sdn Bhd), which have been outstanding since the completion date of the acquisition of Touchpoint International Sdn Bhd and Wavetree PLT on 19 December 2019 and MD Labs Sdn Bhd on 24 September 2020.

The Proposed Debt Settlement with TAP will enable TXB to partially address its debt obligations without incurring any immediate cash outflows and will allow TXB to preserve its cash for its immediate operational needs and reducing financial strain. This is expected to improve TXB's financial performance and create value for shareholders. It also prevents further debt obligations and interest costs that could limit future financing opportunities.

We are of the opinion that despite the Proposed Debt Settlement may result in a dilution in the existing shareholders' shareholdings (excluded Creditors and Interested Director), the Company's enlarged capital base is expected to strengthen the financial position of the Group, improve its gearing level and potentially enhancing the earnings of the Group.

2.2. BASIS AND JUSTIFICATION FOR THE SETTLEMENT ISSUE PRICE OF THE SETTLEMENT SHARES

The details of the basis and justification for the Settlement Issue Price of the Settlement Shares are set out in Section 2.2.2, Part A of the Circular.

In assessing the fairness and reasonableness of the Revised Settlement Issue Price of RM0.0136 per Settlement Share, we note that the Revised Settlement Issue Price of the Settlement Shares have been fixed after consideration of the following:

- (i) The 5D-VWAMP of TXB Shares up to and including the Announcement LPD. The discount represents approximately 9.93% or RM0.0015 to the 5D-VWAMP up to and including the Announcement LPD of RM0.0151;
- (ii) The TXB's unaudited financial position as of 31 December 2022 showing a deficit net tangible asset with value of RM0.0053 per share. Additionally, the company triggered criteria outlined in Practice Note 17 ("PN17") of the Listing Requirements as at 14 April 2023. However, by 1 June 2023, the company announced that it no longer met the prescribed criteria of PN17;
- (iii) The willingness of the creditors to voluntarily accrue their own funds as timely advances to meet the immediate funding requirements of TXB on an interest-free basis;
- (iv) The Creditors had agreed to forgo receiving cash as repayment and instead will be investing in the future of TXB by holding equity in TXB. As such, the Creditors are exposed to the market risks of TXB Shares which is influenced by, amongst others, the market sentiments, the liquidity of TXB Shares, interest rate movements, volatility of the equity market as well as the Company's financial performance.

We noted that the issue price of RM0.0136 per Settlement Share to be issued pursuant to the Proposed Debt Settlement represent a discount of 9.93%, 9.33%, 11.69%, 34.93%, 44.03%, and 76.91%, over the VWAMP for last transacted price on Announcement LPD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month respectively up to the Announcement LPD.

Based on the above, we are of the opinion that the Settlement Issue Price of RM0.0136 per Settlement Share are fair and not detrimental to the non-interested shareholders of the Company.

Further information on the evaluation of the justification for the Settlement Issue Price of the Settlement Shares is set out in Section 6 of this IAL.

2.3. SALIENT TERMS OF THE CAPITALISATION AGREEMENT 1 (SUPPLEMENTED BY THE SUPPLEMENTAL CAPITALISATION AGREEMENT 1)

We have reviewed the salient terms of the Capitalisation Agreement 1 (supplemented by the Supplemental Capitalisation Agreement 1) and based on our review, we are of the view that the overall terms and conditions of the Capitalisation Agreement 1 (supplemented by the Supplemental Capitalisation Agreement 1) are fair and reasonable and not detrimental to the non-interested shareholders of TXB.

Further information on the evaluation of the salient terms of the Capitalisation Agreement 1 (supplemented by the Supplemental Capitalisation Agreement 1) is set out in Section 7 of this IAL.

2.4. INDUSTRY OVERVIEW AND PROSPECTS

Barring any unforeseen circumstances, the prospects of the Malaysian economy, Information and Communications Technology (ICT) industry, Electrical and Electronic (E&E) industry and Food and beverage (F&B) industry are expected to remain satisfactory for the next twelve (12) months.

We are of the opinion that premised on the industry outlook and the prospects of TXB Group following the completion of the Proposed Debt Settlement are favourable, barring unforeseen circumstances, is poised to improve its financial performance in the future.

Further information on the evaluation of the industry outlook and prospects are set out in Section 8 of this IAL.

2.5. FINANCIAL EFFECTS OF THE PROPOSED DEBT SETTLEMENT

Under the Minimum Scenario, the share capital of TXB Group will decrease from RM1.22 billion to RM58.32 million after Proposed Capital Reduction and Proposed Debt Settlement, based on the share capital as at the LPD.

Barring unforeseen circumstances, the Proposed Debt Settlement will have a positive effect on TXB Group's gearing. The gearing of TXB Group will improve from 0.92 times and 0.02 times after the adjustments for subsequent events, assuming full conversion/exercise of convertible securities, Proposed Capital Reduction and the Proposed Debt Settlement, based on the latest audited consolidated financial statements as at 31 December 2022 for the maximum scenario.

The Proposed Debt Settlement only is not expected to have immediate effects on the earnings of the TXB Group. However, the EPS for FYE 31 December 2022 is expected to be diluted as a result of the increase in number of TXB shares pursuant to the issuance of the Settlement Shares.

As for the effects on the substantial shareholder's shareholdings, arising from the Proposed Debt Settlement only, the interests of Datuk Lim Chih Li @ Lin ZhiLi will emerge as a substantial shareholder of TXB with direct and indirect of 1,546,467,645 TXB Shares, holding approximately direct 0.05% and indirect 32.84 % of shareholdings in TXB, under the Minimum Scenario as at 29 December 2023. Given that the number of Shares held by Datuk Lim Chih Li @ Lin ZhiLi does not exceed 33% following the Proposed Debt Settlement, this will not trigger the rules on Take-Over, Mergers and Compulsory Acquisition whereby an obligation to undertake a mandatory takeover offer to acquire the remaining TXB Shares not held under him will be necessary.

Notwithstanding the above, non-interested shareholders of TXB should note that the issuance of the new Settlement will result in dilution to the EPS and also dilute the shareholdings of the shareholders (excluded Creditors and Interested Director) in the Company.

Further information on the evaluation of the effects of the Proposed Debt Settlement are set out in Section 9 of this IAL.

2.6. OTHER CONSIDERATION

Notwithstanding the above, non-interested shareholders of TXB should note that in the context of the effects solely resulting from the Proposed Debt Settlement on substantial shareholder shareholdings, under the Minimum Scenario as of 29 December 2023, Datuk Lim Chih Li @ Lin ZhiLi's interests will establish him as a substantial shareholder of TXB. This entails direct and indirect ownership of 1,546,467,645 TXB Shares, representing approximately 0.05% direct and 32.84% indirect shareholdings in TXB.

In the event of a complete settlement of the entire outstanding amount, however, it is crucial to note that this may activate the rules necessitating a mandatory takeover offer to acquire the remaining TXB Shares not held by Datuk Lim Chih Li @ Lin ZhiLi under the regulations governing Take-Over, Mergers and Compulsory Acquisition.

The opportunity cost to non-interested shareholders in a scenario without a general offer is the potential gain they might have realized if a premium offer had been extended. This underscores the importance of understanding the dynamics of corporate actions and potential changes in ownership structures.

Despite Datuk Lim Chih Li @ Lin ZhiLi's increased shareholdings, it's deemed reasonable, contingent on management's discretion and creditor acceptance. Datuk Jared's crucial role in steering the company since 2019 and the Proposed Debt Settlement's impact on his shareholding do not appear detrimental to non-interested shareholders' interests.

Further considerations on the Proposed Debt Settlement are set out in Section 10 of this IAL.

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed Debt Settlement, we are of the opinion that the Proposed Debt Settlement is **FAIR AND REASONABLE** and not detrimental to the interests of the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders of the Company TO VOTE IN FAVOUR of the resolutions pertaining to the Proposed Debt Settlement to be tabled at the forthcoming EGM of the Company.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders. We recommend that any non-interested shareholders who require advice in relation to the Proposed Debt Settlement in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

NON-INTERESTED SHAREHOLDERS OF THE COMPANY ARE ADVISED TO READ BOTH THIS IAL AND THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DEBT SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Our Ref : TXB/DSL-OWN
Your Ref : -

16 January 2024

To: The Non-Interested Shareholders of Techna-X Berhad

Dear Sir/Madam,

FHMH Corporate Advisory Sdn Bhd
Company No. 200701016946 (774955-D)
(CMSL / A0212 / 2007)
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**TECHNA-X BERHAD (“TXB” OR “COMPANY”)
PROPOSED DEBT SETTLEMENT**

All definitions or defined terms used in this IAL shall have the same meaning as defined in the “Definitions” section of the circular except where the context requires otherwise or as otherwise defined. All references to “we”, “us” and “our” in this IAL are ascribed to FHCA, being the Independent Adviser for the Proposed Debt Settlement.

1. INTRODUCTION

This Independent Advice Letter (“**IAL**”) is prepared for inclusion in the circular to shareholders of the Company dated 16 January 2024 in relation to the Proposals (“**Circular**”) and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.

On 29 November 2022, 21 December 2022, 20 January 2023, 14 April 2023, 12 May 2023 and 14 December 2023, on behalf of the Board, M&A Securities announced that the Company proposed to undertake the following:

- (i) Proposed Capital Reduction;
 - (ii) Proposed Debt Settlement;
 - (iii) Proposed Share Consolidation; and
 - (iv) Proposed Rights Issue with Warrants.
- (Collectively, The “**Proposals**”)

The Proposed Debt Settlement is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as a director of the Company have direct or indirect interest in the Proposed Debt Settlement as described in Section 10, Part A of the Circular. Accordingly, the Board had on 22 February 2023 appointed FHCA as the Independent Adviser (“**IA**”) to advise the non-interested directors and non-interested shareholders of the Company in relation to the fairness and reasonableness of the Proposed Debt Settlement.

For information purposes, The Proposed Capital Reduction is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

The Proposed Debt Settlement is not conditional upon the Proposed Capital Reduction, Proposed Share Consolidation and Proposed Rights Issue with Warrants.

The Proposed Share Consolidation is conditional upon the Proposed Debt Settlement but not conditional upon the Proposed Capital Reduction and Proposed Rights Issue with Warrants.

The Proposed Rights Issue with Warrants is conditional upon the Proposed Debt Settlement and Proposed Share Consolidation but not conditional upon the Proposed Capital Reduction.

The Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants shall be undertaken upon completion of the foregoing proposal based on the following sequence:

- (i) Proposed Debt Settlement;
- (ii) Proposed Share Consolidation; and
- (iii) Proposed Rights Issue with Warrants.

The purpose of this IAL is to provide the non-interested directors and the non-interested shareholders of the Company with an independent evaluation of the Proposed Debt Settlement, to form an opinion as to whether the Proposed Debt Settlement is fair and reasonable in so far as the non-interested shareholders of the Company are concerned and whether the Proposed Debt Settlement is to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolutions pertaining to the Proposed Debt Settlement to be tabled at the forthcoming EGM, subject to the limitation of our role and evaluation as explained herein. Other than for this intended purpose, this IAL should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our expressed written consent.

NON-INTERESTED SHAREHOLDERS OF TXB ARE ADVISED TO READ THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE APPENDICES THEREON, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DEBT SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. LIMITATIONS TO THE EVALUATION OF THE PROPOSED DEBT SETTLEMENT

FHCA was not involved in the formulation of the Proposed Debt Settlement or any deliberation and negotiation on the Proposed Debt Settlement. Our role as the IA does not extend to expressing an opinion on the commercial merits of the Proposed Debt Settlement. The assessment of the commercial merits of the Proposed Debt Settlement is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall financial evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Debt Settlement. FHCA's terms of reference as the IA is limited to expressing our independent evaluation of the Proposed Debt Settlement which is based on the sources of information as highlighted below.

We have evaluated the Proposed Debt Settlement and in forming our opinion, we have considered factors, which we believe, would be of relevance and general importance to the non-interested shareholders of the Company. Our evaluation is rendered solely for the benefit of the non-interested shareholders of the Company as a whole.

In rendering our advice, we have taken note of the pertinent issues that we have considered important in enabling us to assess the implications of the Proposed Debt Settlement and therefore of general concern to the non-interested shareholders of the Company. As such:

- (i) The scope of FHCA's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposed Debt Settlement and other implications of the Proposed Debt Settlement only. Comments or points of consideration which may be commercially oriented such as the rationale and potential benefits of the Proposed Debt Settlement are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of the Company to consider and form their views thereon;

- (ii) FHCA's views and advice as contained in this IAL only caters to the non-interested shareholders of the Company at large and not to any non-interested shareholders individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (iii) We recommend that any individual non-interested shareholder or group of non-interested shareholders of the Company who is in doubt as to the action to be taken or require advice in relation to the Proposed Debt Settlement in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, to consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

We shall not be liable for any damage or loss sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purpose whatsoever which is particular to such individual shareholder or group of shareholders.

In performing our evaluation, we have relied on the information provided to us or which are available to us, including but not limited to the following:

- (i) The information contained in Part A of the Circular and the appendices attached thereto;
- (ii) discussion with and representations by the Board and management of TXB;
- (iii) other relevant information furnished to us by the Board management of the Company; and
- (iv) other publicly available information which we deemed relevant and reasonable.

We have made all reasonable enquiries to and have relied on the Board and management of the Company to exercise due care to ensure that all information and documents as mentioned above and all relevant facts, information and representations necessary for our evaluation of the Proposed Debt Settlement have been disclosed to us and that such information is accurate, valid, reasonable and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information essential to our evaluation have been disclosed to us, that they have seen this IAL, and for the accuracy of the information in respect of the Proposed Debt Settlement (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading. We have not undertaken an independent investigation into the business of the Company.

Based on the above and after undertaking reasonableness check and corroborating such information with independent sources, where possible, we are satisfied with the information and documents provided by the Company and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate, incomplete, omitted or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. We have also assumed that the Proposed Debt Settlement will be implemented based on the terms as set out in the Capitalisation Agreements and Supplemental Capitalisation Agreements without material waiver or modification.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the date hereof. After the dispatch of this IAL, should FHCA become aware of any significant change affecting the information contained in this IAL or have reasonable grounds to believe that any statement in this IAL is misleading or deceptive or have reasonable grounds to believe that there is material omission in this IAL, we will immediately notify the shareholders. If circumstances require, a supplementary IAL will be sent accordingly to the shareholders.

FHCA confirms that it is not aware of any circumstances which exist or are likely to give rise to a possible conflict of interest situation for FHCA to carry out the role as the IA in connection to the Proposed Debt Settlement. FHCA also confirms that it had previously acted as Independent Advisor of the Company on 22 February 2021 to undertake financial due diligence exercise for the acquisition by TXB of the 25% of the total issued and paid up share capital of MBits Digital Sdn Bhd for a purchase consideration of RM12.5 million, as stated in the Bursa Securities announcement dated 10 February 2021. The past engagement was limited to providing independent advisory service to the Company pursuant to the acquisition, for which we received professional fees. Accordingly, we do not consider the past engagement to give rise to any conflict of interest for us in acting as the Independent Adviser for the Proposed Debt Settlement.

FHCA is an approved corporate financial adviser within the meaning of the Securities Commission's Principal Adviser Guidelines. FHCA has undertaken the role as an independent adviser for corporate exercises in the past two (2) years prior to LPD, which include amongst others, the following:

- (i) The disposal by DGSB of 70% equity interest in QBI Packaging Sdn Bhd and 70% equity interest in Makan Channel Sdn Bhd to Insas Technology Berhad for a total cash consideration of RM3.50 million via our letter to shareholders dated 9 March 2022;
- (ii) The disposal by Tiara Gateway Pte Ltd, a wholly-owned subsidiary of Primary Gateway Sdn Bhd, which in turn is a wholly-owned subsidiary of Landmarks, of the remaining 49% equity interest in Mendol Investments Pte Ltd, 100% equity interest in Hinako Investments Pte Ltd, 60% equity interest in Prime Holdings Pte Ltd, 60% equity interest in Enggano Investments Pte Ltd and 60% equity interest in Mesawak Investments Pte Ltd for a total aggregate consideration of SGD63.40 million to be satisfied via issuance of new ordinary shares of the acquirer via our letter to shareholders dated 24 March 2022;
- (iii) The disposal by MHT Manufacturing Sdn Bhd and Plascable Polymer Sdn Bhd, the wholly-owned subsidiaries of Artroniq Berhad of two (2) parcels of freehold land located in Mukim Terbau, district of Johor Bahru together with all the buildings and structure thereon via our letter to shareholders dated 20 September 2022;
- (iv) The acquisition by WTK Holdings Berhad of the entire equity interest in B.H.B. Sdn Bhd, a plantation company for a total cash consideration of RM237.50 million and the acquisition of a palm oil mill together with the relevant plant and machinery from Harvard Master Sdn Bhd for a total cash consideration of RM12.50 million via our letter to shareholders dated 18 January 2023; and
- (v) The disposal by Insas Berhad of the entire ordinary shares and redeemable convertible preference shares in M&A Securities Sdn Bhd to SYF Resources Berhad for a consideration of RM222.00 million to be satisfied via the issuance of 1,009,090,909 new ordinary shares in SYF at an issue price of RM0.22 per share via our letter to shareholders dated 8 February 2023.

Premised on the foregoing, FHCA is capable and competent in carrying out its role and responsibilities as the IA to advise the non-interested directors and non-interested shareholders of the Company on the Proposed Debt Settlement.

3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSON(S) CONNECTED TO THEM

As highlighted in Section 10, Part A of the Circular, the Proposed Debt Settlement is deemed to be a related party transaction under Paragraph 10.08 of the Listing Requirements in view that it involved the interests of Datuk Lim Chih Li @ Lin ZhiLi.

Datuk Lim Chih Li @ Lin ZhiLi is an Interested Director in relation to the Proposed Debt Settlement with TAP as he is the Executive Director of TXB and given his interests in TAP being a director and shareholder (via its direct and indirect shareholding in Tremendous Asia Management Inc.).

As highlighted in Section 2.2.1, Part A of the Circular, the details of the direct and indirect shareholdings of Datuk Lim Chih Li @ Lin ZhiLi in TAP are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of Shares ('000)	%	No. of Shares ('000)	%
Tremendous Asia Management Inc.	-	Cayman Island	12,450	100	-	-
Datin Lee Cheng Ling	-	Malaysian	-	-	(1)12,450	100
Datuk Lim Chih Li @ Lin ZhiLi	Director	Malaysian	-	-	(1)12,450	100

Note:

- (1) Datin Lee Cheng Ling (the spouse of Datuk Lim Chih Li @ Lin ZhiLi) is the largest shareholder with 99% equity interest in Tremendous Asia Management Inc. Datuk Lim Chih Li @ Lin ZhiLi is deemed interested by virtue of the shareholdings of his spouse in Tremendous Asia Management Inc.

Accordingly, Datuk Lim Chih Li @ Lin ZhiLi has abstained and will continue to abstain from all deliberations and voting for the Proposed Debt Settlement at the relevant Board meetings. Datuk Lim Chih Li @ Lin ZhiLi will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their respective direct and/or indirect shareholdings in TXB, if any, on the resolution pertaining to the Proposed Debt Settlement to be tabled at the forthcoming EGM of TXB.

4. EVALUATION OF THE PROPOSED DEBT SETTLEMENT

The full details of the Proposed Debt Settlement are as set out in Section 2 to Section 6, Part A of the Circular and should be read and fully understood in their entirety by the non-interested shareholders.

In evaluating the Proposed Debt Settlement, we have considered the following:

- (i) Rationale of the Proposed Debt Settlement;
- (ii) Basis and justification for the Settlement Issue Price of the Settlement Shares;
- (iii) Evaluation of the salient terms of the Capitalisation Agreement 1 (supplemented by the Supplemental Capitalisation Agreement 1);
- (iv) Effects of the Proposed Debt Settlement; and
- (v) Other considerations.

The views expressed by FHCA in this IAL are based on, amongst others, current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of the Company should take further note of any announcements relevant to their consideration of the Proposed Debt Settlement which may be released after the LPD.

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5. RATIONALE OF THE PROPOSED DEBT SETTLEMENT

Proposed Debt Settlement

The rationale for the Proposed Debt Settlement is as set out in Section 4.2, Part A of the Circular.

Nature of debt owing to TAP:

Period of transaction	Brief explanation of the nature of the transaction	Total amount (RM'000)
Loan agreement dated 3 June 2022	Partial repayment of the outstanding purchase consideration payable to the vendors of Touchpoint International Sdn Bhd, Wavetree PLT and Techna Analytics Sdn Bhd.	27,000 ^[1]
October 2020 to December 2022	Advances to TXB for partial repayment to HKAB's vendors and working capital requirements of TXB.	3,270
	Repayment to TAP as at LPD	(1,237)
Proposed Debt Settlement	Total amount owing to TAP as at LPD	29,033
	Proposed Debt Settlement shall capitalise the debt owing to TAP of ^[2]	(21,000)
	Amount outstanding after the Proposed Debt Settlement	8,033

Notes:

[1] Based on the Capitalisation Agreement 1 entered into between the Company and TAP on 29 November 2022.

[2] Based on the Supplemental Capitalisation Agreement 1 entered into between the Company and TAP on 14 April 2023.

We note that the debt with TAP arose to fulfil its obligation to repay the advances from the creditors to fund the acquisition of Touchpoint International Sdn Bhd, Wavetree PLT, Techna Analytics Sdn Bhd (formerly known as MD Labs Sdn Bhd), which have been outstanding since the completion date of the acquisition of Touchpoint International Sdn Bhd and Wavetree PLT on 19 December 2019 and MD Labs Sdn Bhd on 24 September 2020.

The Proposed Debt Settlement with TAP will enable TXB to partially address its debt obligations by offsetting RM21.0 million from the total debt with TAP without incurring any immediate cash outflows and will allow TXB to preserve its cash for its immediate operational needs. This will also reduce the financial strain of the debt repayments on TXB's cashflow. In turn, this should give rise to an expected improvement on TXB's financial performance as TXB is able to conserve their cash for future business expansion including but not limited to opportunities in the Information and Communications Technology ("ICT") and Food and Beverage ("F&B"), among others, to improve TXB's business performance, which in turn is expected to create value for the shareholders.

In addition, the Proposed Debt Settlement will in turn save the Group from incurring further debt obligations and interest costs as compared to bank borrowings or other debt instruments which could reduce TXB's capacity to undertake financing in the future.

We note that the debt has been accrued through the Creditors willingness to provide funding to TXB during its time of need. In addition, by undergoing the Proposed Debt Settlement, the Creditors are foregoing the repayment of debt in cash and instead accepting shares in TXB in lieu. This reflects the Creditors trust in the management and future of TXB enough to invest in the future of TXB. Following the completion of the Proposed Debt Settlement, the Creditors will be exposed to the market risk of TXB Shares amongst others, the market sentiments, the liquidity of TXB Shares, interest rate movements, volatility of the equity markets as well as the financial performance of TXB.

We also note that the Proposed Debt Settlement will have a positive effect on TXB Group's gearing. The gearing of TXB Group will improve from 0.92 times and 0.02 times after the adjustments for subsequent events, assuming full conversion/exercise of convertible securities, Proposed Capital Reduction and the Proposed Debt Settlement, based on the latest audited consolidated financial statements as at 31 December 2022 for the maximum scenario. It is important to note that a remaining balance of RM8.03 million due to TAP will remain as an outstanding debt after the Proposed Debt Settlement. As illustrated in the table above, and the Company intends to repay the balance of amount owing to TAP from internally generated funds.

After considering the various options available, the Board is of the opinion that the Proposed Debt Settlement is an appropriate method to settle the Settlement Amount. We note that for the past three (3) financial years, from FYE 31 December 2020 (restated), FYE 31 December 2021 and FYE 31 December 2022, the Group had been reporting a loss after tax in each of the financial years of RM19.26 million, RM21.72 million and RM31.21 million. Due to the losses made, the additional financial toll of incurring further financing costs will not be favourable to the Company, further taxing its financial resources.

Although the Proposed Debt Settlement may result in a dilution in the existing shareholders' shareholdings, the Company's enlarged capital base is expected to strengthen the financial position of the Group and improve its gearing level. We note that the direct shareholding of the substantial shareholders as at 29 December 2023 (excluded Creditors, Interested Director and public shareholders), as shown in the Section 6.4, Part A of the Circular, will be diluted from approximately 13.69% to 6.44% under the Minimum Scenario and approximately 13.69% to 7.00% under the Maximum Scenario arising from the Proposed Debt Settlement. Further details of the financial effects of the Proposed Debt Settlement are set out in Section 9 of this IAL.

For the TXB's longer term financial concerns, the Group is focusing on growing its existing business segments in order to improve its financial performance. The Board has also been taking various steps to improve the Group's financial conditions, as set out in Section 5.6 of Part A of the Circular.

Premised on the above, we are of the opinion that the rationale for the Proposed Debt Settlement is reasonable as it will strengthen the Group's financial position by increasing its net assets while lowering its gearing (as further elaborated in Section 9 of this IAL) and potentially enhancing the earnings of the Group.

6. BASIS AND JUSTIFICATION FOR THE SETTLEMENT ISSUE PRICE OF THE SETTLEMENT SHARES

Section 2.2.2, Part A of the Circular sets out the basis and justification for the Settlement Issue Price of the Settlement Shares.

In assessing the fairness and reasonableness of the Settlement Issue Price of RM0.0136 per Settlement Share, we note that the Settlement Issue Price of the Settlement Shares have been fixed after consideration of the following:

- (i) The 5D-VWAMP of TXB Shares up to and including the Announcement LPD. The discount represents approximately 9.93% or RM0.0015 to the 5D-VWAMP up to and including the Announcement LPD of RM0.0151;
- (ii) The TXB's unaudited financial position as of 31 December 2022 showing a deficit net tangible asset with value of RM0.0053 per share. Additionally, the company triggered criteria outlined in Practice Note 17 ("PN17") of the Listing Requirements as at 14 April 2023. However, by 1 June 2023, the company announced that it no longer met the prescribed criteria of PN17;
- (iii) The willingness of the creditors to voluntarily accrue their own funds as timely advances to meet the immediate funding requirements of TXB on an interest-free basis;
- (iv) The Creditors had agreed to forgo receiving cash as repayment and instead will be investing in the future of TXB by holding equity in TXB. As such, the Creditors are exposed to the market risks of TXB Shares which is influenced by, amongst others, the market sentiments, the liquidity of TXB Shares, interest rate movements, volatility of the equity market as well as the Company's financial performance.

Basis of comparison based on	VWAP/ Closing Price	Premium/(discount) over VWAMP	
	RM	RM	%
Last transacted price on Announcement LPD	0.0150	(0.0014)	(9.33)
5D-VWAP up to Announcement LPD	0.0151	(0.0015)	(9.93)
VWAP for the one (1)-month up to Announcement LPD	0.0154	(0.0018)	(11.69)
VWAP for the three (3)-month up to Announcement LPD	0.0209	(0.0073)	(34.93)
VWAP for the six (6)-month up to Announcement LPD	0.0243	(0.0107)	(44.03)
VWAP for the twelve (12)-month up to Announcement LPD	0.0589	(0.0453)	(76.91)

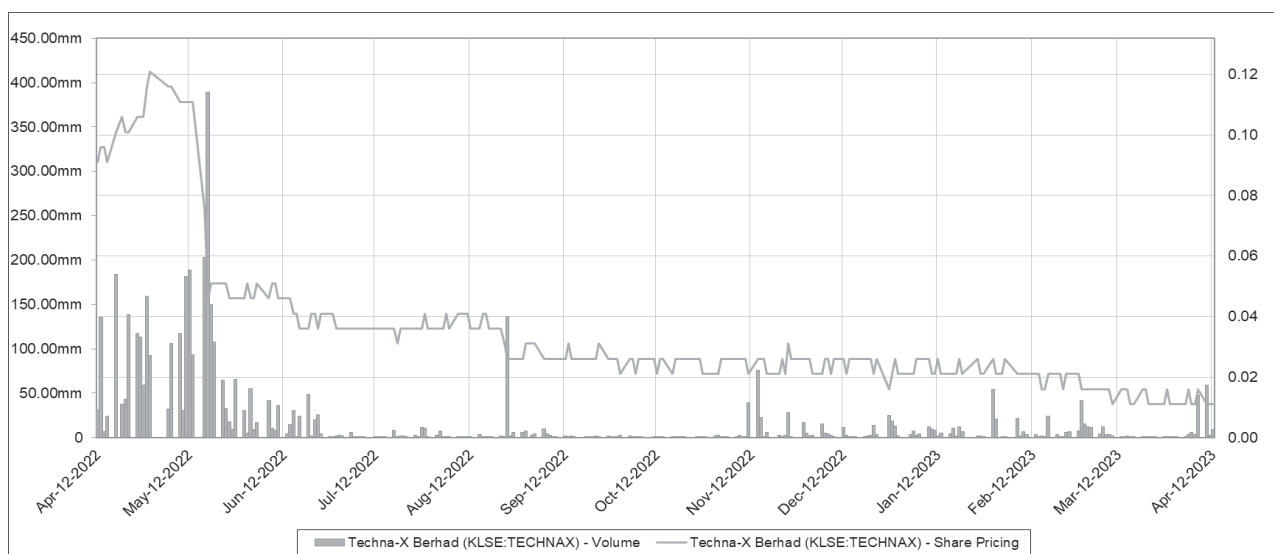
Source: Refinitiv

Based on the table above, we noted that the issue price of RM0.0136 per Settlement Share to be issued pursuant to the Proposed Debt Settlement represent a discount of 9.93%, 9.33%, 11.69%, 34.93%, 44.03%, and 76.91%, over the VWAMP for last transacted price on Announcement LPD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month respectively up to the Announcement LPD.

The movement of the daily closing market prices of TXB Shares on Bursa Securities for the past one (1) year up to the Announcement LPD is shown below.

The share price movement of TXB is shown for the past 1 year to provide a clear and relevant view of the company's recent performance. This is because the share price of a company can fluctuate significantly over time due to various factors such as market conditions, company performance, and external events. By focusing on the past 1 year, investors and analysts can get a clearer view of how TXB has performed in recent times and how it may be positioned for the future. As such, we are of the opinion that the fluctuation of share price in the most recent one (1) year period provides the most relevant and accurate depiction of TXB Shares' price when assessing the issue price.

However, it's important to note that a company's past performance is not always indicative of its future performance, and investors should conduct thorough research and analysis before making any investment decisions.



Source: S&P Capital IQ

Throughout the past 1 year up to Announcement LPD, the principal activities of TXB have remained the same. We are not aware of any particular reasons which might have led to the upward or downward movements of TXB shares for the past 1 year up to Announcement LPD but we noted the following notable announcements made to Bursa Securities:

- i) On 26 April 2022, TXB proposes to seek its shareholders' approval for the Proposed Share Buy-Back at the Company's forthcoming sixteenth Annual General Meeting to be convened;
- ii) On 28 April 2022, TXB's annual report and corporate governance report was released;
- iii) On 6 May 2022, TXB announced the termination of the proposed disposal of the entire equity interest in Pipo Overseas Limited;
- iv) On 26 May 2022, TXB announced that the Company had on 26 May 2022 entered into an Amendment No. 1 to the Shareholders' Agreement dated 21 April 2021 ("**Amended SHA**") with Monika Mikac, Igor Pongrac, Nordin Ćatić and Benjamin Božič to withdraw from major part of the agreed investment, by reducing its major shareholding of 51% to 10%, subject to the terms and conditions stipulated in the Amended SHA;
- v) On 23 June 2022, the Company announced its proposal to undertake the proposed settlement of an aggregate amount of RM36,000,000 debt owing to creditors by the Company ("**Settlement Amount**") via the issuance of 900,000,000 new ordinary shares in TXB date;
- vi) On 5 October 2022, TXB announced that the Company, Dr. Wan Muhamad Hasni Bin Wan Sulaiman, Nong You Hua, Satriya Bin Suetoh and Chaswood Resources Holdings Ltd. ("**Chaswood**") (collectively, the "**Parties**") had on 5 October 2022 entered into a Deed of Termination to mutually terminate the Sale And Purchase Agreement dated 27 December 2021 entered into between the Parties in respect of the Proposed Disposal ("**SPA dated 27 December 2021**"). This collective decision was arrived at given the inadvertent delay in completing the relevant due diligence and corporate restructuring exercises of HKAB in connection with the RTO, stemming from the incessant travel, movement and other restrictions implemented by the authorities in the People's Republic of China ("**PRC**") in its pursuit of zero-Covid policy;
- vii) On 25 November 2022, the Company announced that TXB had withdrawn from the Heads of Agreement ("**HOA**") with 5G Infra Tech Solutions Sdn Bhd;
- viii) On 29 November 2022, the Company announced that it proposes to undertake a Proposed Debt Settlement, Proposed Share Consolidation, Proposed Rights Issue, and Proposed Bonus Issue of Warrants; and
- ix) On 21 December 2022, the Company announced that it is proposing to undertake a reduction of TXB's share capital pursuant to Section 116 of the Companies Act 2016.

We note that TXB's shares have been trading on an average of RM0.04 over the past 12 months up to Announcement LPD with the price of RM0.02 and RM0.01 for most recent three (3) months prior to Announcement LPD.

Based on the above, we note the following:

- (i) The market price of TXB Share fluctuated between RM0.13 and RM0.01 for the past one (1) year from 13 April 2022 to 12 April 2023;
- (ii) The issue price of RM0.0136 per Settlement Share to be issued pursuant to the Proposed Debt Settlement represent **a discount** of 9.33%, 9.93%, 11.69%, 34.93%, 44.03% and 76.91% over the VWAMP for last transacted price on Announcement LPD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month respectively up to the Announcement LPD.
- (iii) The issue price of RM0.0136 is **a discount** to the net asset per share of TXB as at 31 December 2022 of RM0.002 per share.
- (iv) It is typical and in line with the Listing Requirements to determine the price of the issue price for the Proposed Debt Settlement immediately prior to the day of the execution of the Capitalisation Agreements.

The Settlement Share issue at a discount serves as an incentive for TXB’s creditors to participate in the debt settlement process. By offering a more favorable conversion rate, TXB seek to foster a cooperative environment and encourage creditors to support the restructuring efforts. The decision to issue settlement shares at a discount reflects TXB’s commitment to addressing financial challenges and mitigating distress. Acknowledging the potential dilution effect on current shareholders, this strategy represents a thoughtfully balanced approach aimed at securing a fair and impartial outcome for all stakeholders. We firmly believe that the Proposed Debt Settlement will contribute to long-term value creation for all the shareholders.

Regarding the Proposed Debt Settlement with TAP and the associated discount to the issue price of the Settlement Shares, resulting in an increased issuance of shares, it is notable that Datuk Lim Chih Li @ Lin ZhiLi and TAP will emerge as the largest shareholders, collectively holding an approximate 32.89% equity stake in TXB. Additionally, TAP will be entitled to participate in the Proposed Rights Issue with Warrants, offered at a discount ranging from 30% to 50% in comparison to the TEAP.

In evaluating the fairness and reasonableness of the discount applied to the issue price of the Settlement Shares in connection with the Proposed Debt Settlement with TAP, it is imperative to consider the following basis and justifications:

- The discount is reflective of the company's strategic approach to debt restructuring, aiming to reach a mutually beneficial resolution with the major creditor, TAP. The discount represents an attractive element in the context of the overall debt restructuring plan;
- The discounted issue price might serve as an incentive to encourage TAP's participation in the debt settlement, potentially expediting the resolution process and minimizing the overall financial burden on the company; and
- Given the current market conditions and the financial challenges faced by the company, offering a discount becomes a pragmatic consideration to streamline the settlement process.

In view of the above and the basis and justifications of the Proposed Debt Settlement as set out in Section 2.2.2 of the Circular, we are of the opinion that the issue price of RM0.0136 per Settlement Share is fair.

7. SALIENT TERMS OF THE CAPITALISATION AGREEMENT 1 (SUPPLEMENTED BY THE SUPPLEMENTAL CAPITALISATION AGREEMENT 1)

The salient terms of the Capitalisation Agreement 1 (supplemented by the Supplemental Capitalisation Agreement 1) entered with TAP for the settlement of a debt amounting to RM21,000,000 (“**TAP Debt**”) owing to TAP (“**Capitalisation Agreement 1**”) are disclosed in Appendix I and Appendix II of the Circular. The following sets out only a summary of the material terms of the Capitalisation Agreement 1 that was considered critical by us and the non-interested shareholders of the Company are advised to read Appendix I and Appendix II of the Circular in its entirety. Our comments on the salient terms of the Capitalisation Agreement 1 (supplemented by the Supplemental Capitalisation Agreement 1) are as follows:

Salient Terms	FHCA’s Comments
Parties to the Capitalisation Agreement 1 and Supplemental Capitalisation Agreement 1 (collectively “ the TAP Parties ” and singularly a “ TAP Party ”)	
(i) TXB; and (ii) TAP	
Agreement to Issue New TXB Shares	
(i) The TAP Parties agree by mutual consent that the TAP Debt shall be settled by the issuance and allotment by TXB of 1,544,117,645 new ordinary shares in TXB to TAP or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume	The issuance of Settlement Shares allows the Company to conserve its cash resources and not incur additional borrowings to enable requisite funding being

Salient Terms	FHCA's Comments
<p>weighted average market price up to and including 12 April 2023.</p> <p>(ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.</p>	<p>available to the enlarged TXB Group and enhance the TXB Group's financial position via a larger equity base. The rationale for the Proposed Debt Settlement has been discussed in Section 6 of this IAL whilst the justification for the issue price per Settlement Shares have been discussed in Section 6 of this IAL.</p> <p>This term is fair and a common commercial term for transactions of this nature.</p>
<p>Conditions Precedent</p> <p>(i) The Capitalisation Agreement 1 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively "TAP Conditions Precedent") within 3 months from the date of the Capitalisation Agreement 1 ("TAP Cut-Off Date"): -</p> <p>(a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to TAP or its nominee;</p> <p>(b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of TAP Debt;</p> <p>(c) the approval-in-principle of Bursa Malaysia Securities Berhad for the listing and quotation of the new TXB Shares; and</p> <p>(d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the TAP Debt owing by the TXB to the TAP the TAP Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB.</p> <p>(ii) In the event that the TAP Conditions Precedent or any one of them is not fulfilled or satisfied by the TAP Cut-Off Date or such extended period as the Parties may agree upon by mutual consent, then the Capitalisation Agreement 1 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the TAP Parties shall have any claims against the other TAP Parties in respect of the Capitalisation Agreement 1.</p> <p>Note: If the Capitalisation Agreement 1 is terminated due to non-fulfilment of the TAP Conditions Precedent and no</p>	<p>The conditions are reasonable as the approval from relevant parties is necessary for TXB to be in compliance with the rules and regulations set out by the relevant authorities.</p> <p>We note that this condition precedent requires your approval as the Proposed Debt Settlement with TAP involves the interest of an Interested Director of your company which is in compliance with the Listing Requirement.</p> <p>The condition precedent of a proof of debt exercise to be carried out by an external auditor to ascertain and verify the transactions relating to the TAP Debt protects the interest of TXB.</p> <p>This condition is reasonable and provides TXB with an exit without recourse in the even the Conditions Precedent are not fulfilled or satisfied by the TAP Cut-Off Date or whichever period as the Parties may agree.</p>

Salient Terms	FHCA's Comments
<p>further extension is agreed upon, the TAP Debt will be due immediately and shall be repayable on demand.</p> <p>(iii) Upon fulfilment or satisfaction of a TAP Condition Precedent, the TAP Party responsible to fulfil or satisfy the TAP Condition Precedent shall inform the other TAP Parties in writing of such fulfilment or satisfaction within 3 working days thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.</p> <p>(iv) The date of fulfilment or satisfaction of the last of the TAP Conditions Precedent to be fulfilled or satisfied shall be the "TAP Unconditional Date".</p>	
<p>Settlement of TAP Debt</p> <p>(i) The issuance and allotment of the new TXB Shares to TAP or its nominee shall be within 3 months from the Unconditional Date ("TAP Settlement Date") and upon the issuance and allotment of the new TXB Shares to TAP or its nominee shall be carried out in accordance with Clause 1.1 hereof whereupon the issue price of the new TXB Shares shall be partly offset against the TAP Debt and the TAP Debt shall be deemed partially repaid.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p> <p>(ii) TAP shall be deemed to have accepted the new TXB Shares as part payment of the TAP Debt and the TAP Debt shall be remained as an amount owing.</p>	<p>We note that there will be an amount due to TAP of RM6.00 million remaining in the books of TXB following the capitalisation of the Settlement Shares.</p>
<p>Governing Law</p> <p>This Capitalisation Agreement 1 is governed by the laws of Malaysia and the TAP Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.</p>	<p>This term is fair and a common commercial term for transactions of this nature.</p>
<p>Continuance of the Capitalisation Agreement 1</p> <p>(i) Except to the extent that each is expressly amended by the terms of the Supplemental Capitalisation Agreement 1, the terms and conditions of the Capitalisation Agreement 1 shall remain in full force and effect.</p> <p>(ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 1, as amended and varied and the Supplemental Capitalisation Agreement 1, the provisions of the Supplemental Capitalisation Agreement 1 shall prevail.</p>	<p>This term is fair and a common commercial term for transactions of this nature.</p>

We note that the salient terms of the Capitalisation Agreement 1 and the Supplemental Capitalisation Agreement 1 have been mutually agreed upon by the Parties pursuant to the Proposed Debt Settlement and are on common commercial terms in transaction of such nature. We also note that it is reasonable for the amount of settlement to be fixed based on an amount which both Parties are agreeable to as the Proposed Debt Settlement will also benefit TXB in the immediate future. Premised on the above, we are of the view that the salient terms of the Capitalisation Agreement 1 and the Supplemental Capitalisation Agreement 1 are considered reasonable and are not detrimental to the Non-interested Shareholders of TXB.

Based on the above, we are of the view that the terms of the Capitalisation Agreement 1 and the Supplemental Capitalisation Agreement 1 are reasonable as far as the interests of the Company are concerned and not detrimental to the non-interested shareholders of the Company.

8. INDUSTRY OVERVIEW AND PROSPECTS

We take note of the industry overview and prospects of TXB as disclosed in Section 5, Part A of the Circular.

Overview and outlook of Malaysia Economy

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (“E&E”) products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011-2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index (CPI) items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

Domestic financial conditions were driven mainly by evolving expectations over the global monetary policy path. In particular, the strength of the US job markets has prompted expectations for a tighter-for-longer policy stance by the US Federal Reserve and subsequently higher US and global interest rates. In contrast, the People’s Bank of China undertook further monetary policy easing to address weaker-than-expected growth in China, which dampened investor sentiments towards the region. Against this backdrop, the US dollar appreciation extended into the quarter, and the Malaysian ringgit ended up depreciating by 0.2% alongside other regional currencies. However, the ringgit appreciated by 1.4% against a basket of major trading partner currencies, as indicated by the ringgit nominal effective exchange rate (NEER).

The growth in credit to the private non-financial sector improved to 4.2% (2Q 2023: 3.7%), supported by higher growth in business loans (1.6%; 2Q 2023: 0.5%) while outstanding corporate bonds growth was sustained at 5% (2Q 2023: 4.9%). The higher business loan growth was driven mainly by improving growth in working capital loans to non-SMEs. Of note, SME loan growth remained forthcoming (6.7%; 2Q 2023: 6.4%). For households, outstanding loans expanded by 5.4% (2Q 2023: 5.1%), reflecting steady growth across key purposes.

Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% – 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit.

Improvements in tourist arrivals and spending are expected to continue. Investment will be supported by further progress of multi-year infrastructure projects and the implementation of catalytic initiatives. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming primarily from weaker- than-expected external demand as well as larger and more protracted declines in commodity production. However, there are upside risk factors such as stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new investment projects.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2023, Bank Negara Malaysia)

Overview and prospects of the Information and Communications Technology industry in Malaysia

The Malaysia ICT Market size is estimated at USD 27.20 billion in 2024, and is expected to reach USD 39.18 billion by 2029, growing at a CAGR of 7.57% during the forecast period (2024-2029). The increased digitalization of processes across all significant industrial sectors is mainly responsible for this growth. Also, compared to other Asian neighboring nations, Malaysia is expected to witness a comparatively high broadband penetration.

The demand for ICT goods and services would continue to be high, mainly attributable to the rollout of 5G, hybrid business models, digital banking, and consumers who keep up with the newest trends. According to the Department of Statistics Malaysia (DOSM), ICT contributed 23.2% of Malaysia's gross domestic product (GDP) in the last year, with an increase of 12.1% from the past year. As per the report, e-commerce in the ICT sector contributed 3.8% to GDP, while e-commerce in other sectors contributed 9.2%.

The Economic Stimulus Package of the Malaysian government offers significant financial incentives for digital transformation, connectivity, security, satellite broadband, digital infrastructure for buildings, 5G ecosystems, and process automation. After the pandemic, the government's focus started focusing more on modernizing and standardizing Malaysia's industrial sector and worldwide supply chain network, which is likely to result in a further increase in demand for automation and digitalization exports.

However, it is crucial to overcome some significant obstacles to secure the long-term survival of Malaysia's businesses in the post-pandemic world and beyond. The expense of funding or digitizing is one of the biggest obstacles. These costs include software subscriptions, digital devices, and internet connectivity.

The robust core government policies, high-tech-focused national development, and accessibility of trained labor in the Malaysian ICT market have helped the sector thrive in the nation. Notably, the government has given the Internet of Things (IoT) sub-sector significant attention, which has led to several market alliances.

Work-from-home (WFH) arrangements used under Covid-19 have increased ICT goods and services sales in Malaysia. Today, technology is employed everywhere in our daily lives, from communications to decision-making. Not only is digitalization the foundation of the economy, but it is also quickly evolving into the foundation of society. The government is battling to keep up with the rapid speed of digitalization while sustaining, directing, and offering support for the economy and society to grow with the technologies.

(Source: Malaysia ICT Market Size & Share Analysis – Growth Trends & Forecasts (2024 – 2029) (Link: <https://www.mordorintelligence.com/industry-reports/malaysia-ict-market>)

Overview and prospects of the E&E industry in China

TXB is involved in the E&E industry in China through its subsidiary, HKAB which holds of the intellectual property and global marketing rights of an ultra-capacitor technology and manufacturing operations in China as well as undertake further research and development in international collaborations related to the ultra-capacitor technology.

The total E&E industry size in China, depicted by revenue from E&E manufacturing, grew from RMB1.6 trillion (RM1.0 trillion) in 2015 to an estimated RMB2.0 trillion (RM1.2 trillion) in 2019, registering a CAGR of 6.0%. In 2020 however, the E&E industry in China saw a dip in size, falling at a rate of 7.0% to an estimated RMB1.7 trillion (RM1.1 trillion). This was due to the COVID-19 pandemic which led to the implementation of national lockdown policies to curb the virus, and this resulted in restrictions imposed on manufacturers to operate. The E&E industry in China is estimated to have rebounded in 2021 to RMB1.9 trillion (RM1.2 trillion), and further increased to RMB2.0 trillion (RM1.3 trillion) in 2022. Moving forward, Providence forecasts the E&E industry in China to reach RMB2.2 trillion (RM1.4 trillion) by 2025, registering a CAGR of 2.4% between 2023 and 2025.

(Source: IMR report by Providence)

Overview and prospects of F&B industry in Malaysia

The overall F&B segment market size in Malaysia, depicted by food service value, grew from RM34.7 billion in 2015 to RM46.4 billion in 2019, registering a CAGR of 7.5%. However, the F&B market in Malaysia experienced a fall in 2020, contracting to RM36.4 billion in the year. This was due to the COVID-19 pandemic which led to the implementation of the MCO that restricted dining out at restaurants. As there were less restrictions to dine out beginning 2021, the F&B market size in Malaysia recovered by 2.5% from RM36.4 billion in 2020 to RM37.3 billion in 2021, and further grew to RM41.7 billion in 2022.

(Source: IMR report by Providence)

TA Research expects both retail and food and beverage (F&B) players in the consumer sector to be major beneficiaries of Budget 2024. The research house foresees the upcoming budget is poised to strike a balance between fiscal responsibility and the pursuit of inclusive economic growth that will lead to positive prospects in the consumer space.

Under Budget 2024, the research house expects subsidy rationalisation will see further reduction to an estimated RM40bil compared with RM58.6bil in the revised Budget 2023. This reduction in subsidies is unlikely to have a substantial impact on affluent households, as the expected increase in expenditure for the T20 group is relatively modest compared to their overall income.

TA Research also envisaged the government's cash assistance programme is set to undergo a reduction of RM1bil, reaching an estimated RM7bil in 2024, reflecting the nation's progress beyond the pandemic phase. Additionally, eligibility criteria for these cash aids will be assessed through the implementation of a new Padu system, intended to act as a central data hub, aggregating information from over 270 government agencies.

Meanwhile, the government is also expected to introduce a new progressive wage model (PWM) alongside the existing minimum wage policy.

Notably, the minimum wage policy was initially instituted in 2013, starting at RM900 in Peninsular Malaysia and RM800 in Sabah and Sarawak, before incrementally rising and standardised to RM1,500 as of May 2022 across the entire country. Furthermore, the market is speculating the possibility of another minimum wage increase to RM1,800 prior to the implementation of the PWM.

(Source: The Star, F&B players, retail sector forecast to benefit from Budget 2024)

Prospects and future plans of the enlarged TXB Group

TXB Group is prioritizing the development of its digital and technology businesses to drive growth. The Group is actively engaged in introducing its Smart City Platform to local government agencies in Malaysia, with several cities targeted for smart city development. In addition, TXB Group has entered the aquaculture industry and aims to revolutionize agriculture through a Smart Integrated Aquaculture Platform. The Group is also involved in the electric vehicle market through a joint venture in Croatia, although it has reduced its equity participation to attract other partners.

Furthermore, TXB Group is exploring ways to realize the value of its subsidiary HKAB, including a potential IPO. Lastly, the Group is focusing on communication and security solutions, leveraging contracts to design and deliver analytics-enabled public safety systems. Overall, TXB Group is strategically positioned in key sectors such as smart cities, agritech, electric mobility, energy storage, and communication and security solutions.

Premised on the above, we are of the view that the prospects of the TXB Group following the Proposed Debt Settlement appears to be favourable and barring unforeseen circumstances, is poised to improve its financial performance in the future. As such, we are of the opinion that the Proposed Debt Settlement are in the best interest of the Company.

9. FINANCIAL EFFECTS OF THE PROPOSED DEBT SETTLEMENT

In evaluating the Proposed Debt Settlement, we have taken note of the effects of the Proposed Debt Settlement as set out in Section 6, Part A of the Circular.

(i) Share Capital

As set out in Section 6.1, Part A of the Circular, the Proposed Debt Settlement will have an effect on the share capital of TXB as the Proposed Debt Settlement involves the issuance of new TXB Shares.

	Minimum Scenario		Maximum Scenario	
	No. of TXB Shares	Amount RM'000	No. of TXB Shares	Amount RM'000
Share capital as at the LPD	2,214,714,736	1,224,219	2,214,714,736	1,224,219
Assuming full issuance and conversion/exercise of convertible securities	-	-	329,207,210	⁽ⁱ⁾ 19,574
Subtotal	2,214,714,736	1,224,219	2,543,921,946	1,243,793
Reduction of issued share capital pursuant to the Proposed Capital Reduction	-	⁽ⁱⁱ⁾ (1,199,735)	-	⁽ⁱⁱ⁾ (1,199,735)
After the Proposed Capital Reduction	2,214,714,736	24,484	2,543,921,946	44,058
To be issued pursuant to the Proposed Debt Settlement	2,487,830,882	33,835	2,487,830,882	33,835
After the Proposed Debt Settlement	4,702,545,618	58,319	5,031,752,828	77,893

Notes:

- (i) After accounting for the reversal of ESOS reserve amounting to RM7,812,200 to the share capital of the Company.
- (ii) After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.

Under the Minimum Scenario, the share capital of TXB Group will decrease from RM1.22 billion to RM58.32 million after Proposed Capital Reduction and Proposed Debt Settlement, based on the share capital as at the LPD.

Under the Maximum Scenario, the share capital of TXB Group will decrease from RM1.22 billion to RM77.89 million after assuming full issuance and conversion/exercise of convertible securities, Proposed Capital Reduction and Proposed Debt Settlement, based on the share capital as at the LPD.

(ii) Net asset per Share and gearing

For illustration purposes only, under the maximum scenario, the proforma effects of the Proposed Capital Reduction and Proposed Debt Settlement on the gearing of the TXB Group, based on the latest audited consolidated statement of financial position of the Company as at 31 December 2022 is set out below:

Maximum Scenario	Audited As at 31 December 2022	After adjustment for subsequent event	Assuming full issuance and conversion/ exercise of convertible securities	After the Proposed Capital Reduction	After the Proposed Debt Settlement
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	1,224,219	1,224,219	1,243,793	44,058	77,893
Foreign currency translation reserve	(38)	(38)	(38)	(38)	(38)
Warrant reserves	-	-	-	-	-
Share option reserve	3,920	3,920	3,920	3,920	3,920
Employee share option scheme reserve	7,812	7,812	(iii)-	-	-
(Accumulated losses)/ Retained earnings	(1,193,884)	(1,193,884)	(1,193,884)	(iv)(v)5,651	5,651
Equity attributable to the owners of the Company	42,029	42,029	53,791	53,591	87,426
Non-controlling interest	(192)	(192)	(192)	(192)	(192)
Total Equity	41,837	41,837	53,599	53,399	87,234
No. of Shares ('000)	2,214,715	2,214,715	2,543,922	2,543,922	5,031,753
NA/(NL) per Share (RM)	0.02	0.02	0.02	0.02	0.02
Borrowings ('000)	(i)38,755	(ii)35,570	35,570	35,570	1,735
Gearing (times)	0.92	0.85	0.66	0.66	0.02

Notes:

- (i) Inclusive of the settlement amount in relation to the Proposed Debt Settlement with TAP, DSC, CKS, TSS, AOF I and AOF amounting to RM37,020,000 pursuant to the Capitalisation Agreements that are classified as other payables.
- (ii) After adjusting for the revised Settlement Amount in relation to the Proposed Debt Settlement with TAP DSC, CKS, TSS, AOF 1 and AOF pursuant to the Supplemental Capitalisation Agreements and the RM5,000,000 loan amount owing to GIP pursuant to the Capitalisation Agreement 7.
- (iii) After accounting for the reversal of RM7,812,200 ESOS reserves to the share capital of the Company.
- (iv) The reduction of the ordinary share capital amounting to approximately RM1.20 billion arising from the Proposed Capital Reduction will be credited to the accumulated losses account to offset the accumulated losses of TXB.
- (v) After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.

The gearing of TXB Group will improve from 0.92 times to 0.02 times after the adjustments for subsequent events, assuming full conversion/exercise of convertible securities, Proposed Capital Reduction and the Proposed Debt Settlement, based on the latest audited consolidated financial statements as at 31 December 2022 for the maximum scenario.

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(iii) **Earnings and earnings per Share**

The Proposals are not expected to have any material effect on the earnings of TXB for the financial year ending 31 December 2023. However, the EPS of TXB will be diluted as a result of the issuance of new TXB shares arising from the Proposals.

For illustration purposes, based on the financial year ended 31 December 2022 audited consolidated financial statements of TXB, the pro forma effects of the Proposals on the PAT and EPS are as follows:-

	RM'000	No. of Shares ('000)	EPS (sen)	RM'000	No. of Shares ('000)	EPS (sen)
Audited PAT attributable to shareholders as at 31 December 2022	262,299	2,214,715	11.84	262,299	2,214,715	11.84
As at the LPD	262,299	2,214,715	11.84	262,299	2,214,715	11.84
Assuming full issuance and conversion/ exercise of convertible securities	-	-	-	262,299	2,543,922	10.31
After the Proposed Capital Reduction	⁽ⁱ⁾ 262,099	2,214,715	11.83	⁽ⁱ⁾ 262,099	2,543,922	10.30
After the Proposed Debt Settlement	262,099	4,702,546	5.57	262,099	5,031,753	5.21

Note 1: After adjusting for estimated expenses of RM0.20 million in relation to the Proposed Capital Reduction.

The Proposed Debt Settlement is not expected to have immediate effects on the earnings of the TXB Group. However, the EPS for FYE 31 December 2022 is expected to be diluted as a result of the increase in number of TXB shares pursuant to the issuance of the Settlement Shares.

As for the effects on the substantial shareholder's shareholdings, arising from the Proposed Debt Settlement only, Datuk Lim Chih Li @ Lin ZhiLi will emerge as a substantial shareholder of TXB with direct and indirect of 1,546,467,645 TXB Shares, holding approximately direct 0.05% and indirect 32.84% of shareholdings in TXB, under the Minimum Scenario as at 29 December 2023.

Notwithstanding the above, non-interested shareholders of TXB should note that the issuance of the Settlement Shares will result in dilution to the EPS and also dilute the shareholdings of the shareholders in the Company.

Based on the above, we are of the opinion that the effects of the Proposed Debt Settlement is reasonable given the financial position of TXB and not to the detriment of the non-interested shareholders of the Company in the long run.

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10. OTHER CONSIDERATIONS

We have summarised the details of outstanding amount and settlement amount based on the capitalisation agreements and supplemental capitalisation agreements as at the LPD in the table below:

Creditors	Agreement	Outstanding Amount	Settlement Amount	Quantity of Settlement Shares to be received
		RM	RM	
TAP	Capitalisation Agreement 1 and Supplemental Capitalisation Agreement 1	29,032,730	21,000,000	1,544,117,645
DSC	Capitalisation Agreement 2 and Supplemental Capitalisation Agreement 2	1,814,500	1,814,500	133,419,118
CKS	Capitalisation Agreement 3 and Supplemental Capitalisation Agreement 3	2,520,000	2,520,000	185,294,118
TSS	Capitalisation Agreement 4 and Supplemental Capitalisation Agreement 4	1,500,000	1,500,000	110,294,118
AOF I	Capitalisation Agreement 5 and Supplemental Capitalisation Agreement 5	1,500,000	1,500,000	110,294,118
AOF	Capitalisation Agreement 6 and Supplemental Capitalisation Agreement 6	500,000	500,000	36,764,706
GIP	Capitalisation Agreement 7	5,000,000	5,000,000	367,647,059
		41,867,230	33,834,500	2,487,830,882

From the table above, we noted that TAP, under the directorship and shareholding of Datuk Lim Chih Li @ Lin ZhiLi (via its direct and indirect shareholding in Tremendous Asia Management Inc.), holds the most substantial credit and accounts for the majority of the settlement amount (62%) as compared to other creditors in the Proposed Debt Settlement exercise.

The Management had conducted thorough and extensive discussions with the creditors, aiming to convert this debt and establish the structure for the Proposed Debt Settlement. In the context of the effects solely resulting from the Proposed Debt Settlement on substantial shareholder shareholdings, it is noteworthy that under the Minimum Scenario as of 29 December 2023, Datuk Lim Chih Li @ Lin ZhiLi's will emerge as a substantial shareholder of TXB due to the effects of the Proposed Debt Settlement. This entails direct and indirect ownership of 1,546,467,645 TXB Shares, representing approximately 0.05% direct and 32.84% indirect shareholdings in TXB.

We wish to highlight that the settlement amount was the result of negotiation between TAP and the Management. However, in the event of a complete settlement of the entire outstanding amount due to TAP, it is crucial to note that total number of shares to be issued may activate the rules necessitating a mandatory takeover offer of TXB under the regulations governing Take-Over, Mergers and Compulsory Acquisition.

The implications of opting for a partial debt settlement with TAP instead of a complete resolution are noteworthy. Specifically, TAP and/or Datuk Lim Chih Li @ Lin Zhili have derived benefits from this arrangement, strategically circumventing the obligations outlined in the regulations governing Take-Overs, Mergers, and Compulsory Acquisitions. Consequently, they have successfully avoided the mandatory requirement to extend a takeover offer for the remaining TXB Shares not currently held within their ownership.

The absence of triggering a mandatory takeover offer may result in non-interested shareholders overlooking the chance to sell their shares. When a general offer is made, it often includes a premium over the current market price to incentivize shareholders to sell their shares. Non-interested shareholders who do not have the opportunity to participate in such an offer may not realize the additional value that could have been obtained through the premium.

It's important to note that opportunity cost is a theoretical concept, and the actual impact on non-interested shareholders depends on various factors, including the future performance of the company, market conditions, and the strategic decisions made by the company's management. In summary, the opportunity cost to non-interested shareholders in a scenario without a general offer is the potential gain they might have realized if a premium offer had been extended. This underscores the importance of understanding the dynamics of corporate actions and potential changes in ownership structures.

However, we are of the view that the number of Shares held by Datuk Lim Chih Li @ Lin ZhiLi in TXB following the Proposed Debt Settlement is reasonable as it is contingent on both management's discretion and the creditor's willingness to accept the terms. The company's capacity to carry out this initiative and its willingness to exchange shares for debt settlement are crucial factors in determining the viability of the Proposed Debt Settlement.

Furthermore, we wish to highlight that Datuk Jared had consistently demonstrated a pivotal role at the management level in steering the company since 2019. His active involvement and leadership has been instrumental in the company's operations. The Proposed Debt Settlement that led to the increase in the interested director's shareholding does not appear to be detrimental to the interests of non-interested shareholders.

Based on the above, we are of the opinion that the effects of the Proposed Debt Settlement is reasonable and not to the detriment of the non-interested shareholders of the Company.

11. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Debt Settlement and have set out our evaluation in this IAL. Before arriving at the decision to vote on the resolution pertaining to the Proposed Debt Settlement, it is pertinent that the non-interested shareholders of the Company consider the issues and implication raised in this IAL as well as other considerations set out in Part A of the Circular carefully and the recommendation of the Board (save for the Interested Directors) as set out in Section 14, Part A of the Circular.

We summarise below our conclusion and recommendation after considering the various factors discussed herein:

Our Comments	
Rationale for the Proposed Debt Settlement	The Proposed Debt Settlement is beneficial to TXB Group as it allows them to address debt obligations without immediate cash outflows, preserve cash for operations, and reduce financial strain. It improves the Company's financial performance, saves them from incurring further debt obligations and interest costs, and strengthens their financial position. While it may result in dilution for existing shareholders, the enlarged capital base enhances the group's credibility and capacity for future financing.
Basis and justification in arriving at the issue price of the Settlement Shares	Based on the issue price of RM0.0136 per Settlement Share, we note the following: <ul style="list-style-type: none"> (i) The market price of TXB Share fluctuated between RM0.13 and RM0.01 for the past one (1) year from 13 April 2022 to 12 April 2023; (ii) The issue price of RM0.0136 per Settlement Share to be issued pursuant to the Proposed Debt Settlement represent a discount of 9.93%, 9.33%, 11.69%, 34.93%, 44.03% and 76.91%, over the VWAMP for last transacted price on Announcement LPD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month respectively up to the Announcement LPD.

Our Comments	
	<p>(iii) The issue price of RM0.0136 is a discount to the net asset per share of TXB as at 31 December 2022 is RM0.002 per share.</p> <p>(iv) It is typical and in line with the Listing Requirements to determine the price of the issue price for the Proposed Debt Settlement immediately prior to the day of the execution of the Capitalisation Agreements and Supplemental Capitalisation Agreements.</p> <p>In view of the above and the basis and justifications of the Proposed Debt Settlement as set out in Section 2.2.2 of the circular, we are of the opinion that the issue price of RM0.0136 per Settlement Share is fair.</p>
Evaluation of the salient terms of the Capitalisation Agreement 1 and Supplemental Capitalisation Agreement 1	<p>We note that the salient terms of the Capitalisation Agreement 1 and the Supplemental Capitalisation Agreement 1 have been mutually agreed upon by the Parties pursuant to the Proposed Debt Settlement and are on common commercial terms as transaction of such nature.</p> <p>We also note that it is reasonable for the amount of settlement to be fixed based on an amount which both Parties are agreeable to as the Proposed Debt Settlement will also benefit TXB in the immediate future. Premised on the above, we are of the view that the salient terms of the Capitalisation Agreement 1 and the Supplemental Capitalisation Agreement 1 are considered reasonable and are not detrimental to the non-interested Shareholders of TXB.</p> <p>Based on the above, we are of the view that the terms of the Capitalisation Agreement 1 and the Supplemental Capitalisation Agreement 1 are reasonable as far as the interests of the Company are concerned and not detrimental to the non-interested shareholders of the Company.</p>
Financial effect of the Proposed Debt Settlement	<p>The Proposed Debt Settlement is expected to bring positive financial effects to TXB Group by improving the group's gearing ratio from 0.92 times to 0.02 times under the maximum scenario. Although there is no immediate impact on earnings, the Proposals may result in diluted earnings per share for the current financial year due to the increased number of TXB shares from the issuance of Settlement Shares.</p> <p>Overall, the Proposed Debt Settlement brings immediate positive financial effects to TXB Group, improving their gearing ratio and financial position.</p>

We have taken cognisance of the rationale, financial evaluation and effects of the Proposed Debt Settlement. Based on our evaluation and comments on the Proposed Debt Settlement, we are of the opinion that the Proposed Debt Settlement is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders of the Company to **vote in favour** of the resolution pertaining to the Proposed Debt Settlement to be tabled at the forthcoming EGM of the Company.

Before arriving at the decision to vote on the resolutions pertaining to the Proposed Debt Settlement, it is pertinent that the non-interested shareholders of the Company consider the issues and implication raised in this IAL as well as other considerations set out in Part A of the Circular carefully and the recommendation of the Board (save for the Interested Director) as set out in Section 14, Part A of the Circular.

Yours faithfully

FHMH CORPORATE ADVISORY SDN BHD

DING SU-LYNN
Director
Investment Representative
eCMSRL/B8965/2019

ANDREW HENG
Director
Investment Representative
eCMSRL/B9095/2019

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS

Capitalisation Agreement 1

The Company had on 29 November 2022 entered into the Capitalisation Agreement 1 with TAP for the settlement of a debt amounting to RM27,000,000 ("**TAP Debt**") owing to TAP and the salient terms of the Capitalisation Agreement 1 are set out as follows:

<u>Terms</u>	<u>Details</u>
Parties to the Capitalisation Agreement 1 (collectively " the TAP Parties " and singularly a " TAP Party ")	(i) TXB; and (ii) TAP
Agreement to Issue New TXB Shares	(i) The TAP Parties agree by mutual consent that the TAP Debt shall be settled by the issuance and allotment by TXB of 981,818,181 new TXB Shares to TAP at an agreed issue price of RM0.0275 per new TXB Share which is based on approximately 8.33% discount of the 5D-VWAMP up to and including the day immediately preceding the date of the Capitalisation Agreement 1. (ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
TAP Precedent Conditions	(i) The Capitalisation Agreement 1 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively " TAP Conditions Precedent ") within 3 months from the date of the Capitalisation Agreement 1 (" TAP Cut-Off Date "): - (a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to TAP or its nominee; (b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of TAP Debt; (c) the approval-in-principle of Bursa Securities for the listing and quotation of the new TXB Shares; and (d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the TAP Debt owing by the TXB to the TAP the TAP Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB. (ii) In the event that the TAP Conditions Precedent or any one of them is not fulfilled or satisfied by the TAP Cut-Off Date or such extended period as the TAP Parties may agree upon by mutual consent, then the Capitalisation Agreement 1 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the TAP Parties shall have any claims against the other TAP Parties in respect of the Capitalisation Agreement 1. Note: If the Capitalisation Agreement 1 is terminated due to non-fulfilment of the TAP Conditions Precedent and no further extension is agreed upon, the TAP Debt will be due immediately and shall be repayable on demand. (iii) Upon fulfilment or satisfaction of a TAP Condition Precedent, the TAP Party responsible to fulfil or satisfy the TAP Condition Precedent shall inform the other TAP Parties in writing of such fulfilment or satisfaction within 3 working

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	days thereof and the expression “working day” shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.
	(iv) The date of fulfilment or satisfaction of the last of the TAP Conditions Precedent to be fulfilled or satisfied shall be the “ TAP Unconditional Date ”.
Settlement of TAP Debt	<p>(i) The issuance and allotment of the new TXB Shares to TAP or its nominee shall be within 3 months from the TAP Unconditional Date (“TAP Settlement Date”) and upon the issuance and allotment of the new TXB Shares to TAP or its nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 1 whereupon the issue price of the new TXB Shares shall be offset against the TAP Debt and the TAP Debt shall be deemed repaid or settled in full.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p> <p>(ii) TAP shall be deemed to have accepted the new TXB Shares as full settlement of the TAP Debt and the TAP Debt shall be deemed fully extinguished on the TAP Settlement Date.</p>
Governing Law	: This Capitalisation Agreement 1 is governed by the laws of Malaysia and the TAP Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Capitalisation Agreement 2

The Company had on 29 November 2022 entered into the Capitalisation Agreement 2 with DSC for the settlement of a debt amounting to RM4,000,000 ("**DSC Debt**") owing to DSC and the salient terms of the Capitalisation Agreement 2 are set out as follows:

Terms	Details
Parties to the Capitalisation Agreement 2 (collectively " the DSC Parties " and singularly a " DSC Party ")	(i) TXB; and (ii) DSC
Agreement to Issue New TXB Shares	(i) The DSC Parties agree by mutual consent that the DSC Debt shall be settled by the issuance and allotment by TXB of 145,454,545 new TXB Shares to DSC at an agreed issue price of RM0.0275 per new TXB Share which is based on approximately 8.33% discount of the 5D-VWAMP up to and including the day immediately preceding the date of the Capitalisation Agreement 2. (ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
DSC Precedent Conditions	(i) The Capitalisation Agreement 2 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively " DSC Conditions Precedent ") within 3 months from the date of the Capitalisation Agreement 2 (" DSC Cut-Off Date "): - (a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to DSC or its nominee; (b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of DSC Debt; (c) the approval-in-principle of Bursa Securities for the listing and quotation of the new TXB Shares; and (d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the DSC Debt owing by the TXB to the DSC the DSC Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB. (ii) In the event that the DSC Conditions Precedent or any one of them is not fulfilled or satisfied by the DSC Cut-Off Date or such extended period as the DSC Parties may agree upon by mutual consent, then the Capitalisation Agreement 2 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the DSC Parties shall have any claims against the other DSC Parties in respect of the Capitalisation Agreement 2. Note: If the Capitalisation Agreement 2 is terminated due to non-fulfilment of the DSC Conditions Precedent and no further extension is agreed upon, the DSC Debt will be due immediately and shall be repayable on demand. (iii) Upon fulfilment or satisfaction of a DSC Condition Precedent, the DSC Party responsible to fulfil or satisfy the Condition Precedent shall inform the other DSC Parties in writing of such fulfilment or satisfaction within 3 working days

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.
	(iv) The date of fulfilment or satisfaction of the last of the DSC Conditions Precedent to be fulfilled or satisfied shall be the " DSC Unconditional Date ".
Settlement of DSC Debt	: (i) The issuance and allotment of the new TXB Shares to DSC or its nominee shall be within 3 months from the DSC Unconditional Date (" DSC Settlement Date ") and upon the issuance and allotment of the new TXB Shares to DSC or its nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 2 whereupon the issue price of the new TXB Shares shall be offset against the DSC Debt and the DSC Debt shall be deemed repaid or settled in full. Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet. (ii) DSC shall be deemed to have accepted the new TXB Shares as full settlement of the DSC Debt and the DSC Debt shall be deemed fully extinguished on the DSC Settlement Date. (iii) DSC undertakes and covenants to TXB that it is not an interested major shareholder nor a person connected to the interested director, major shareholder or chief executive of TXB.
Governing Law	: This Capitalisation Agreement 2 is governed by the laws of Malaysia and the DSC Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Capitalisation Agreement 3

The Company had on 29 November 2022 entered into the Capitalisation Agreement 3 with CKS for the settlement of a debt amounting to RM2,520,000 ("**CKS Debt**") owing to CKS and the salient terms of the Capitalisation Agreement 3 are set out as follows:

Terms	Details
Parties to the Capitalisation Agreement 3 (collectively " the CKS Parties " and singularly a " CKS Party ")	(i) TXB; and (ii) CKS
Agreement to Issue New TXB Shares	(i) The CKS Parties agree by mutual consent that the CKS Debt shall be settled by the issuance and allotment by TXB of 91,636,364 new TXB Shares to CKS or his nominee at an agreed issue price of RM0.0275 per new TXB Share which is based on approximately 8.33% discount of the 5D-VWAMP up to and including the day immediately preceding the date of the Capitalisation Agreement 3. (ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
CKS Precedent Conditions	(i) The Capitalisation Agreement 3 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively " CKS Conditions Precedent ") within 3 months from the date of the Capitalisation Agreement 3 (" CKS Cut-Off Date "): - (a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to CKS or his nominee; (b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of CKS Debt; (c) the approval-in-principle of Bursa Securities for the listing and quotation of the new TXB Shares; and (d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the CKS Debt owing by the TXB to the CKS the CKS Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB. (ii) In the event that the CKS Conditions Precedent or any one of them is not fulfilled or satisfied by the CKS Cut-Off Date or such extended period as the CKS Parties may agree upon by mutual consent, then the Capitalisation Agreement 3 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the CKS Parties shall have any claims against the other CKS Parties in respect of the Capitalisation Agreement 3. Note: If the Capitalisation Agreement 3 is terminated due to non-fulfilment of the CKS Conditions Precedent and no further extension is agreed upon, the CKS Debt will be due immediately and shall be repayable on demand.
	(iii) Upon fulfilment or satisfaction of a CKS Condition Precedent, the CKS Party responsible to fulfil or satisfy the CKS Condition Precedent shall inform the

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	<p>other CKS Parties in writing of such fulfilment or satisfaction within 3 working days thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.</p> <p>(iv) The date of fulfilment or satisfaction of the last of the CKS Conditions Precedent to be fulfilled or satisfied shall be the "CKS Unconditional Date".</p>
Settlement of CKS Debt	<p>(i) The issuance and allotment of the new TXB Shares to CKS or his nominee shall be within 3 months from the CKS Unconditional Date ("CKS Settlement Date") and upon the issuance and allotment of the new TXB Shares to CKS or its nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 3 whereupon the issue price of the new TXB Shares shall be offset against the CKS Debt and the CKS Debt shall be deemed repaid or settled in full.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p> <p>(ii) CKS shall be deemed to have accepted the new TXB Shares as full settlement of the CKS Debt and the CKS Debt shall be deemed fully extinguished on the CKS Settlement Date.</p> <p>(iii) CKS undertakes and covenants to TXB that he or she is not an interested major shareholder nor a person connected to the interested director, major shareholder or chief executive of TXB.</p>
Governing Law	<p>: This Capitalisation Agreement 3 is governed by the laws of Malaysia and the CKS Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.</p>

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APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Capitalisation Agreement 4

The Company had on 29 November 2022 entered into the Capitalisation Agreement 4 with TSS for the settlement of a debt amounting to RM1,500,000 ("**TSS Debt**") owing to TSS and the salient terms of the Capitalisation Agreement 4 are set out as follows:

Terms	Details
Parties to the Capitalisation Agreement 4 (collectively " the TSS Parties " and singularly a " TSS Party ")	(i) TXB; and (ii) TSS
Agreement to Issue New TXB Shares	(i) The TSS Parties agree by mutual consent that the TSS Debt shall be settled by the issuance and allotment by TXB of 54,545,455 new TXB Shares to TSS or her nominee at an agreed issue price of RM0.0275 per new TXB Share which is based on approximately 8.33% discount of the 5D-VWAMP up to and including the day immediately preceding the date of the Capitalisation Agreement 4. (ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
TSS Precedent Conditions	(i) The Capitalisation Agreement 4 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively " TSS Conditions Precedent ") within 3 months from the date of the Capitalisation Agreement 4 (" TSS Cut-Off Date "): - (a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to TSS or her nominee; (b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of TSS Debt; (c) the approval-in-principle of Bursa Securities for the listing and quotation of the new TXB Shares; and (d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the TSS Debt owing by the TXB to the TSS the TSS Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB. (ii) In the event that the TSS Conditions Precedent or any one of them is not fulfilled or satisfied by the TSS Cut-Off Date or such extended period as the TSS Parties may agree upon by mutual consent, then the Capitalisation Agreement 4 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the TSS Parties shall have any claims against the other TSS Parties in respect of the Capitalisation Agreement 4. Note: If the Capitalisation Agreement 4 is terminated due to non-fulfilment of the TSS Conditions Precedent and no further extension is agreed upon, the TSS Debt will be due immediately and shall be repayable on demand.
	(iii) Upon fulfilment or satisfaction of a TSS Condition Precedent, the TSS Party responsible to fulfil or satisfy the TSS Condition Precedent shall inform the

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	other TSS Parties in writing of such fulfilment or satisfaction within 3 working days thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.
	(iv) The date of fulfilment or satisfaction of the last of the TSS Conditions Precedent to be fulfilled or satisfied shall be the " TSS Unconditional Date ".
Settlement of TSS Debt	<p>(i) The issuance and allotment of the new TXB Shares to TSS or her nominee shall be within 3 months from the TSS Unconditional Date ("TSS Settlement Date") and upon the issuance and allotment of the new TXB Shares to TSS or her nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 4 whereupon the issue price of the new TXB Shares shall be offset against the TSS Debt and the TSS Debt shall be deemed repaid or settled in full.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p> <p>(ii) TSS shall be deemed to have accepted the new TXB Shares as full settlement of the TSS Debt and the TSS Debt shall be deemed fully extinguished on the TSS Settlement Date.</p> <p>(iii) TSS undertakes and covenants to TXB that she is not an interested major shareholder nor a person connected to the interested director, major shareholder or chief executive of TXB.</p>
Governing Law	: This Capitalisation Agreement 4 is governed by the laws of Malaysia and the TSS Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Capitalisation Agreement 5

The Company had on 29 November 2022 entered into the Capitalisation Agreement 5 with AOF I for the settlement of a debt amounting to SGD472,350.00 ("**AOF 1 Debt**") owing to AOF I and the salient terms of the Capitalisation Agreement 5 are set out as follows:

Terms	Details
Parties to the Capitalisation Agreement 5 (collectively " the AOF 1 Parties " and singularly a " AOF 1 Party ")	(i) TXB; and (ii) AOF I
Agreement to Issue New TXB Shares	(i) The AOF 1 Parties agree by mutual consent that the AOF 1 Debt of equivalent of RM1,500,000 based on the exchange rate of SGD1.000 : RM3.1756 being the prevailing exchange rates as at 20 June 2022, as published by Monetary Authority of Singapore shall be settled by the issuance and allotment by TXB of 54,545,455 new TXB Shares to AOF I or its nominee at an agreed issue price of RM0.0275 per new TXB Share which is based on approximately 8.33% discount of the 5D-VWAMP up to and including the day immediately preceding the date of the Capitalisation Agreement 5. (ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
AOF 1 Conditions Precedent	(i) The Capitalisation Agreement 5 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively " AOF 1 Conditions Precedent ") within 3 months from the date of the Capitalisation Agreement 5 (" AOF 1 Cut-Off Date "):- (a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to AOF I or its nominee; (b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of AOF 1 Debt; (c) the approval-in-principle of Bursa Securities for the listing and quotation of the new TXB Shares; and (d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the AOF 1 Debt owing by the TXB to the AOF I the AOF 1 Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB. (ii) In the event that the AOF 1 Conditions Precedent or any one of them is not fulfilled or satisfied by the AOF 1 Cut-Off Date or such extended period as the AOF 1 Parties may agree upon by mutual consent, then the Capitalisation Agreement 5 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the AOF 1 Parties shall have any claims against the other AOF 1 Parties in respect of the Capitalisation Agreement 5.

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	<p>Note: If the Capitalisation Agreement 5 is terminated due to non-fulfilment of the AOF 1 Conditions Precedent and no further extension is agreed upon, the AOF 1 Debt will be due immediately and shall be repayable on demand.</p> <p>(iii) Upon fulfilment or satisfaction of a AOF 1 Condition Precedent, the AOF 1 Party responsible to fulfil or satisfy the AOF 1 Condition Precedent shall inform the other AOF 1 Parties in writing of such fulfilment or satisfaction within 3 working days thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.</p> <p>(iv) The date of fulfilment or satisfaction of the last of the AOF 1 Conditions Precedent to be fulfilled or satisfied shall be the "AOF 1 Unconditional Date".</p>
Settlement of AOF 1 Debt	<p>(i) The issuance and allotment of the new TXB Shares to AOF I or its nominee shall be within 3 months from the AOF 1 Unconditional Date ("AOF 1 Settlement Date") and upon the issuance and allotment of the new TXB Shares to AOF I or its nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 5 whereupon the issue price of the new TXB Shares shall be offset against the AOF 1 Debt and the AOF 1 Debt shall be deemed repaid or settled in full.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p> <p>(ii) Upon AOF I's receipt of the new TXB Shares, AOF I shall be deemed to have accepted the new TXB Shares as full settlement of the AOF 1 Debt and the AOF 1 Debt shall be deemed fully extinguished on the AOF 1 Settlement Date.</p> <p>(iii) AOF I undertakes and covenants to TXB that it is not an interested major shareholder or a person connected with the interested director, major shareholder or chief executive of TXB and none of the directors or shareholders of AOF I are an interested director or interested major shareholder of TXB or a person connected to the interested director, major shareholder or chief executive of TXB.</p>
Representations, Warranties and Indemnities	<p>(i) The Company hereby represents, warrants, undertakes and covenants to and with AOF I as at the date of this Capitalisation Agreement 5 that:</p> <p>(a) it has full power, authority and capacity to enter into and perform this Capitalisation Agreement 5 and this Capitalisation Agreement 5 will, when executed, constitute its valid and legally binding obligations enforceable in accordance with its terms;</p> <p>(b) it shall obtain all necessary approvals and/or consents of Bursa Securities or any other regulatory authorities and/or third parties for the AOF 1 Debt arising therefrom, the allotment and issue of the new TXB Shares, the listing of the new TXB Shares and such other relevant approvals and/or consents in relation thereto and in connection therewith (the "AOF 1 Approvals"), and such AOF 1 Approvals not having been amended, withdrawn, revoked, rescinded or cancelled and, where such AOF 1 Approvals are obtained subject to any conditions or amendments, such conditions and/or amendments, being reasonably acceptable to AOF I, and to the extent that any such conditions are required to be fulfilled, they are fulfilled; and</p>

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	<p>(c) the issue of the new TXB Shares by the Board of Directors of TXB has been duly authorized by the shareholders of the Company pursuant to the settlement of AOF 1 Debt.</p> <p>(ii) The Company undertakes to AOF I for it and for each of its officers, employees and agents (each, an "AOF 1 Indemnified Person") to fully indemnify and keep fully indemnified on demand each AOF 1 Indemnified Person from and against any and all liabilities, losses, claims, costs, charges and expenses of any nature whatsoever (including without limitation legal expenses on a full indemnity basis) which any AOF 1 Indemnified Person may incur or sustain from or in consequence of any misrepresentation or any of the representations, warranties, undertakings or covenants contained herein not being correct or fully complied with. Such indemnity shall extend to include all charges and expenses which any of the AOF 1 Indemnified Persons may incur in investigating, disputing or defending any claim or action or other proceedings in respect of which the Company is or may be liable to indemnify under Clause 4.3 of the Capitalisation Agreement 5. Provided however the Company shall not have any obligation to any AOF 1 Indemnified Person under this Clause 4.3 of the Capitalisation Agreement 5 for any indemnity arising from the negligence or wilful misconduct of such AOF 1 Indemnified Person. This indemnity shall be without prejudice to any other rights and remedies of any AOF 1 Indemnified Person in relation to any such breach of any such warranties and all other rights and remedies are expressly reserved to each AOF 1 Indemnified Person.</p>
Governing Law	: This Capitalisation Agreement 5 is governed by the laws of Malaysia and the AOF 1 Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Capitalisation Agreement 6

The Company had on 29 November 2022 entered into the Capitalisation Agreement 6 with AOF for the settlement of a debt amounting to SGD157,450.00 ("**AOF Debt**") owing to AOF and the salient terms of the Capitalisation Agreement 6 are set out as follows:

Terms	Details
Parties to the Capitalisation Agreement 6 (collectively " the AOF Parties " and singularly a " AOF Party ")	(i) TXB; and (ii) AOF
Agreement to Issue New TXB Shares	(i) The AOF Parties agree by mutual consent that the AOF Debt of equivalent of RM500,000 based on the exchange rate of SGD1.000 : RM3.1756 being the prevailing exchange rates as at 20 June 2022, as published by Monetary Authority of Singapore shall be settled by the issuance and allotment by TXB of 18,181,818 new TXB Shares to AOF at an agreed issue price of RM0.0275 per new TXB Share which is based on approximately 8.33% discount of the 5D-VWAMP up to and including the day immediately preceding the date of the Capitalisation Agreement 6. (ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
AOF Conditions Precedent	(i) The Capitalisation Agreement 6 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively " AOF Conditions Precedent ") within 3 months from the date of the Capitalisation Agreement 6 (" AOF Cut-Off Date "): - (a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to AOF or its nominee; (b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of AOF Debt; (c) the approval-in-principle of Bursa Securities for the listing and quotation of the new TXB Shares; and (d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the AOF Debt owing by the TXB to the AOF the AOF Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB. (ii) In the event that the AOF Conditions Precedent or any one of them is not fulfilled or satisfied by the AOF Cut-Off Date or such extended period as the AOF Parties may agree upon by mutual consent, then the Capitalisation Agreement 6 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the AOF Parties shall have any claims against the other AOF Parties in respect of the Capitalisation Agreement 6.

Note: If the Capitalisation Agreement 6 is terminated due to non-fulfilment of the AOF Conditions Precedent and no further extension is agreed upon, the AOF Debt will be due immediately and shall be repayable on demand.

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	<p>(iii) Upon fulfilment or satisfaction of a AOF Condition Precedent, the AOF Party responsible to fulfil or satisfy the AOF Condition Precedent shall inform the other AOF Parties in writing of such fulfilment or satisfaction within 3 working days thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.</p> <p>(iv) The date of fulfilment or satisfaction of the last of the AOF Conditions Precedent to be fulfilled or satisfied shall be the "AOF Unconditional Date".</p>
Settlement of AOF Debt	<p>(i) The issuance and allotment of the new TXB Shares to AOF or its nominee shall be within 3 months from the AOF Unconditional Date ("AOF Settlement Date") and upon the issuance and allotment of the new TXB Shares to AOF or its nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 6 whereupon the issue price of the New TXB Shares shall be offset against the AOF Debt and the AOF Debt shall be deemed repaid or settled in full.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p> <p>(ii) Upon AOF's receipt of the new TXB Shares, AOF shall be deemed to have accepted the new TXB Shares as full settlement of the AOF Debt and the AOF Debt shall be deemed fully extinguished on the AOF Settlement Date.</p> <p>(iii) AOF undertakes and covenants to TXB that it is not an interested major shareholder or a person connected with the interested director, major shareholder or chief executive of TXB and none of the directors or shareholders of AOF are an interested director or interested major shareholder of TXB or a person connected to the interested director, major shareholder or chief executive of TXB.</p>
Representations, Warranties and Indemnities	<p>(i) The Company hereby represents, warrants, undertakes and covenants to and with AOF as at the date of this Capitalisation Agreement 6 that:</p> <p>(a) It has full power, authority and capacity to enter into and perform this Capitalisation Agreement 6 and this Capitalisation Agreement 6 will, when executed, constitute its valid and legally binding obligations enforceable in accordance with its terms;</p> <p>(b) it shall obtain all necessary approvals and/or consents of Bursa Securities or any other regulatory authorities and/or third parties for the AOF Debt arising therefrom, the allotment and issue of the new TXB Shares, the listing of the New TXB Shares and such other relevant approvals and/or consents in relation thereto and in connection therewith (the "AOF Approvals"), and such AOF Approvals not having been amended, withdrawn, revoked, rescinded or cancelled and, where such AOF Approvals are obtained subject to any conditions or amendments, such conditions and/or amendments, being reasonably acceptable to AOF, and to the extent that any such conditions are required to be fulfilled, they are fulfilled; and</p> <p>(c) the issue of the new TXB Shares by the Board of Directors of TXB has been duly authorized by the shareholders of the Company pursuant to the settlement of AOF Debt.</p>

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	(ii) The Company undertakes to AOF for it and for each of its officers, employees and agents (each, an " AOF Indemnified Person ") to fully indemnify and keep fully indemnified on demand each AOF Indemnified Person from and against any and all liabilities, losses, claims, costs, charges and expenses of any nature whatsoever (including without limitation legal expenses on a full indemnity basis) which any AOF Indemnified Person may incur or sustain from or in consequence of any misrepresentation or any of the representations, warranties, undertakings or covenants contained herein not being correct or fully complied with. Such indemnity shall extend to include all charges and expenses which any of the AOF Indemnified Persons may incur in investigating, disputing or defending any claim or action or other proceedings in respect of which the Company is or may be liable to indemnify under Clause 4.3 of the Capitalisation Agreement 6. Provided however the Company shall not have any obligation to any AOF Indemnified Person under this Clause 4.3 of the Capitalisation Agreement 6 for any indemnity arising from the negligence or wilful misconduct of such AOF Indemnified Person. This indemnity shall be without prejudice to any other rights and remedies of any AOF Indemnified Person in relation to any such breach of any such warranties and all other rights and remedies are expressly reserved to each AOF Indemnified Person.
Governing Law	: This Capitalisation Agreement 6 is governed by the laws of Malaysia and the AOF Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Capitalisation Agreement 7

The Company had on 14 April 2023 entered into the Capitalisation Agreement 7 with GIP for the settlement of a debt amounting to RM5,000,000 ("**GIP Debt**") owing to GIP and the salient terms of the Capitalisation Agreement 7 are set out as follows:

Terms	Details
Parties to the Capitalisation Agreement 7 (collectively " the GIP Parties ") and singularly a " GIP Party ")	<ul style="list-style-type: none">(i) TXB; and(ii) GIP
Agreement to Issue New TXB Shares	<ul style="list-style-type: none">(i) The GIP Parties agree by mutual consent that the GIP Debt shall be settled by the issuance and allotment by TXB of 367,647,059 new TXB Shares to GIP at an agreed issue price of RM0.0136 per new TXB Share which is based on approximately 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023.(ii) The new TXB Shares shall upon issuance and allotment, rank parri passu in all respects with the other ordinary shares of TXB in issue, save and except that the new TXB Shares shall not be entitled to any dividends or distributions declared by TXB, the entitlement date of which precedes the date of issuance of the new TXB Shares.
GIP Conditions Precedent	<ul style="list-style-type: none">(i) The Capitalisation Agreement 7 and the issuance and allotment of the new TXB Shares shall be subject to and conditional upon the fulfilment or satisfaction of the following conditions precedent (collectively "GIP Conditions Precedent") within 3 months from the date of the Capitalisation Agreement 7 ("GIP Cut-Off Date"): -<ul style="list-style-type: none">(a) the approval of the Board of Directors of TXB for the issuance and allotment of the new TXB Shares to GIP or its nominee;(b) the approval of the shareholders of TXB for the issuance and allotment of the new TXB Shares pursuant to the settlement of GIP Debt;(c) the approval-in-principle of Bursa Malaysia Securities Berhad for the listing and quotation of the new TXB Shares; and(d) the completion of the proof of debt exercise to be carried out by the external auditor of TXB to ascertain and verify the transactions relating to the GIP Debt owing by the TXB to the GIP the GIP Debt amount, corresponds with the amount to be settled, to the satisfaction of the Board of Directors of TXB.(ii) In the event that the GIP Conditions Precedent or any one of them is not fulfilled or satisfied by the GIP Cut-Off Date or such extended period as the GIP Parties may agree upon by mutual consent, then the Capitalisation Agreement 7 shall automatically terminate and be deemed to be of no further legal effect whatsoever, and none of the GIP Parties shall have any claims against the other GIP Parties in respect of the Capitalisation Agreement 7.

APPENDIX I – SALIENT TERMS OF THE CAPITALISATION AGREEMENTS (Cont'd)

Terms	Details
	<p>Note: If the Capitalisation Agreement 7 is terminated due to non-fulfilment of the GIP Conditions Precedent and no further extension is agreed upon, the GIP Debt will be due immediately and shall be repayable on demand.</p>
	<p>(iii) Upon fulfilment or satisfaction of a GIP Condition Precedent, the GIP Party responsible to fulfil or satisfy the Condition Precedent shall inform the other GIP Parties in writing of such fulfilment or satisfaction within 3 working days thereof and the expression "working day" shall mean any day other than Saturdays or Sundays that banks are open for business in Kuala Lumpur and Selangor.</p>
	<p>(iv) The date of fulfilment or satisfaction of the last of the GIP Conditions Precedent to be fulfilled or satisfied shall be the "GIP Unconditional Date".</p>
Settlement of GIP Debt :	<p>(i) The issuance and allotment of the new TXB Shares to GIP or its nominee shall be within 3 months from the GIP Unconditional Date ("GIP Settlement Date") and upon the issuance and allotment of the new TXB Shares to GIP or its nominee shall be carried out in accordance with Clause 1.1 of the Capitalisation Agreement 7 whereupon the issue price of the new TXB Shares shall be offset against the GIP Debt and the GIP Debt shall be deemed repaid or settled in full.</p> <p>Note: As at the LPD, the recipient of the Settlement Shares has not been determined yet.</p>
	<p>(ii) GIP shall be deemed to have accepted the new TXB Shares as full settlement of the GIP Debt and the GIP Debt shall be deemed fully extinguished on the GIP Settlement Date.</p>
	<p>(iii) GIP undertakes and covenants to TXB that it is not an interested major shareholder nor a person connected to the interested director, major shareholder or chief executive of TXB.</p>
Governing Law :	<p>This Capitalisation Agreement 7 is governed by the laws of Malaysia and the GIP Parties irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.</p>

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APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS

Supplemental Capitalisation Agreement 1

The Company had on 14 April 2023 entered into a supplemental agreement with TAP to adjust and amend the terms in the Capitalisation Agreement 1 and the salient terms of the Supplemental Capitalisation Agreement 1 are set out as follows:

Terms	Details
Parties to the Supplemental Capitalisation Agreement 1 (collectively " the TAP Parties " and singularly a " TAP Party ")	<p>(i) TXB; and</p> <p>(ii) TAP</p>
Agreement to amend the terms of the Capitalisation Agreement 1	<p>(i) The TAP Parties agree by mutual consent to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Capitalisation Agreement 1 upon the terms and subject to the conditions contained in the Supplemental Capitalisation Agreement 1.</p>
Amendment of Clause 1.1 of the Capitalisation Agreement 1	<p>(i) Recital B of the Capitalisation Agreement 1 shall be amended as follows:</p> <p>"Subject to and conditional upon the terms and conditions contained herein, the Parties to this agreement have agreed that RM21,000,000.00 of the Debt shall be settled in the manner provided herein."</p> <p>(ii) Clause 1.1 of the Capitalisation Agreement 1 shall be replaced in its entirety with the following:</p> <p>"Subject to the terms and conditions contained in the Supplemental Capitalisation Agreement 1, the Parties agree by mutual consent that the TAP Debt shall be settled by the issuance and allotment by TXB of 1,544,117,645 new ordinary shares in TXB to TAP or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023."</p> <p>(iii) Clause 3.1 of the Capitalisation Agreement 1 shall be replaced in its entirety with the following:</p> <p>"The issuance and allotment of the new TXB Shares to TAP or its nominee shall be within 3 months from the Unconditional Date ("Settlement Date") and upon the issuance and allotment of the new Shares to TAP or its nominee shall be carried out in accordance with Clause 1.1 hereof whereupon the issue price of the new TXB Shares shall be partly offset against the Debt and the Debt shall be deemed partly repaid."</p> <p>(iv) Clause 3.2 of the Capitalisation Agreement 1 shall be replaced in its entirety with the following:</p> <p>"TAP shall be deemed to have accepted the new TXB Shares as part payment of the Debt and the remaining of the Debt shall be remained as an amount owing."</p>

**APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS
(Cont'd)**

Terms	Details
Continuance of the Capitalisation Agreement 1	<p>(i) Except to the extent that each is expressly amended by the terms of the Supplemental Capitalisation Agreement 1, the terms and conditions of the Capitalisation Agreement 1 shall remain in full force and effect.</p> <p>(ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 1, as amended and varied and the Supplemental Capitalisation Agreement 1, the provisions of the Supplemental Capitalisation Agreement 1 shall prevail.</p>

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APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS (Cont'd)

Supplemental Capitalisation Agreement 2

The Company had on 14 April 2023 entered into a supplemental agreement with DSC to adjust and amend the terms in the Capitalisation Agreement 2 and the salient terms of the Supplemental Capitalisation Agreement 2 are set out as follows:

Terms	Details
Parties to the Supplemental Capitalisation Agreement 2 (collectively "the DSC Parties" and singularly a "DSC Party")	<ul style="list-style-type: none"> (i) TXB; and (ii) DSC
Agreement to amend the terms of the Capitalisation Agreement 2	<ul style="list-style-type: none"> (i) The DSC Parties agree by mutual consent to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Capitalisation Agreement 2 upon the terms and subject to the conditions contained in the Supplemental Capitalisation Agreement 2.
Amendment of Clause 1.1 of the Capitalisation Agreement 2	<ul style="list-style-type: none"> (i) Recital B of the Capitalisation Agreement 2 shall be amended as follows: "Subject to and conditional upon the terms and conditions contained herein, the Parties to this agreement have agreed that RM1,814,500.00 of the Debt shall be settled in the manner provided herein." (ii) Clause 1.1 of the Capitalisation Agreement 2 shall be replaced in its entirety with the following: "Subject to the terms and conditions contained in the Supplemental Capitalisation Agreement 2, the Parties agree by mutual consent that the DSC Debt shall be settled by the issuance and allotment by TXB of 133,419,118 new ordinary shares in TXB to DSC or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023."
Continuance of the Capitalisation Agreement 2	<ul style="list-style-type: none"> (i) Except to the extent that each is expressly amended by the terms of the Supplemental Capitalisation Agreement 2, the terms and conditions of the Capitalisation Agreement 2 shall remain in full force and effect. (ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 2, as amended and varied and the Supplemental Capitalisation Agreement 2, the provisions of the Supplemental Capitalisation Agreement 2 shall prevail.

APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS (Cont'd)

Supplemental Capitalisation Agreement 3

The Company had on 14 April 2023 entered into a supplemental agreement with CKS to adjust and amend the terms in the Capitalisation Agreement 3 and the salient terms of the Supplemental Capitalisation Agreement 3 are set out as follows:

Terms	Details
Parties to the Supplemental Capitalisation Agreement 3 (collectively "the CKS Parties" and singularly a "CKS Party")	(i) TXB; and (ii) CKS
Agreement to amend the terms of the Capitalisation Agreement 3	(i) The CKS Parties agree by mutual consent to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Capitalisation Agreement 3 upon the terms and subject to the conditions contained in the Supplemental Capitalisation Agreement 3.
Amendment of Clause 1.1 of the Capitalisation Agreement 3	(i) Clause 1.1 of the CKS Capitalisation Agreement shall be replaced in its entirety with the following: "Subject to the terms and conditions contained in the Supplemental Capitalisation Agreement 3, the Parties agree by mutual consent that the CKS Debt shall be settled by the issuance and allotment by TXB of 185,294,118 new TXB Share to CKS or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023."
Continuance of the Capitalisation Agreement 3	(i) Except to the extent that each is expressly amended by the terms of the Supplemental Capitalisation Agreement 3, the terms and conditions of the Capitalisation Agreement 3 shall remain in full force and effect. (ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 3, as amended and varied and the Supplemental Capitalisation Agreement 3, the provisions of the Supplemental Capitalisation Agreement 3 shall prevail.

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APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS (Cont'd)

Supplemental Capitalisation Agreement 4

The Company had on 14 April 2023 entered into a supplemental agreement with TSS to adjust and amend the terms in the Capitalisation Agreement 4 and the salient terms of the Supplemental Capitalisation Agreement 4 are set out as follows:

Terms	Details
Parties to the Supplemental Capitalisation Agreement 4 (collectively "the TSS Parties" and singularly a "TSS Party")	(i) TXB; and (ii) TSS
Agreement to amend the terms of the Capitalisation Agreement 4	(i) The TSS Parties agree by mutual consent to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Capitalisation Agreement 4 upon the terms and subject to the conditions contained in the Supplemental Capitalisation Agreement 4.
Amendment of Clause 1.1 of the Capitalisation Agreement 4	(i) Clause 1.1 of the Capitalisation Agreement 4 shall be replaced in its entirety with the following: "Subject to the terms and conditions contained in the Supplemental Capitalisation Agreement 4, the Parties agree by mutual consent that the TSS Debt shall be settled by the issuance and allotment by TXB of 110,294,118 new TXB Share to TSS or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023."
Continuance of the Capitalisation Agreement 4	(i) Except to the extent that each is expressly amended by the terms of the TSS Supplemental Capitalisation Agreement 4, the terms and conditions of the Capitalisation Agreement 4 shall remain in full force and effect. (ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 4, as amended and varied and the Supplemental Capitalisation Agreement 4, the provisions of the Supplemental Capitalisation Agreement 4 shall prevail.

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APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS (Cont'd)

Supplemental Capitalisation Agreement 5

The Company had on 14 April 2023 entered into a supplemental agreement with AOF I to adjust and amend the terms in the Capitalisation Agreement 5 and the salient terms of the Supplemental Capitalisation Agreement 5 are set out as follows:

Terms	Details
Parties to the Supplemental Capitalisation Agreement 5 (collectively " the AOF I Parties " and singularly a " AOF I Party ")	(i) TXB; and (ii) AOF I
Agreement to amend the terms of the Capitalisation Agreement 5	(i) The AOF I Parties agree by mutual consent to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Capitalisation Agreement 5 upon the terms and subject to the conditions contained in the Supplemental Capitalisation Agreement 5.
Amendment of Clause 1.1 of the Capitalisation Agreement 5	(i) Clause 1.1 of the Capitalisation Agreement 5 shall be replaced in its entirety with the following: "Subject to the terms and conditions contained in the Supplemental Capitalisation Agreement 5, the Parties agree by mutual consent that the AOF I Debt of equivalent of RM1,500,000 based on the exchange rate of SGD1.000:RM3.1756 being the prevailing exchange rates as at 20 June 2022, and published by Monetary Authority of Singapore shall be settled by the issuance and allotment by TXB of 110,294,118 new TXB Shares to AOF I or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023."
Continuance of the Capitalisation Agreement 5	(i) Except to the extent that each is expressly amended by the terms of the Supplemental Capitalisation Agreement 5, the terms and conditions of the Capitalisation Agreement 5 shall remain in full force and effect. (ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 5, as amended and varied and the Supplemental Capitalisation Agreement 5, the provisions of the Supplemental Capitalisation Agreement shall prevail.

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APPENDIX II – SALIENT TERMS OF THE SUPPLEMENTAL CAPITALISATION AGREEMENTS (Cont'd)

Supplemental Capitalisation Agreement 6

The Company had on 14 April 2023 entered into a supplemental agreement with AOF to adjust and amend the terms in the Capitalisation Agreement 6 and the salient terms of the Supplemental Capitalisation Agreement 6 are set out as follows:

Terms	Details
Parties to the Supplemental Capitalisation Agreement 6 (collectively " the AOF Parties " and singularly a " AOF Party ")	(i) TXB; and (ii) AOF
Agreement to amend the terms of the Capitalisation Agreement 6	(i) The AOF Parties agree by mutual consent to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Capitalisation Agreement 6 upon the terms and subject to the conditions contained in the Supplemental Capitalisation Agreement 6.
Amendment of Clause 1.1 of the Capitalisation Agreement 6	(i) Clause 1.1 of the Capitalisation Agreement 6 shall be replaced in its entirety with the following: "Subject to the terms and conditions contained in the Supplemental Capitalisation Agreement 6, the Parties agree by mutual consent that the AOF Debt of equivalent of RM500,000 based on the exchange rate of SGD1.000:RM3.1756 being the prevailing exchange rates as at 20 June 2022, and published by Monetary Authority of Singapore shall be settled by the issuance and allotment by TXB of 36,764,706 new TXB Shares to AOF or its nominee at an agreed issue price of RM0.0136 per new TXB Share which is based on 9.93% discount of the 5-day volume weighted average market price up to and including 12 April 2023."
Continuance of the Capitalisation Agreement 6	(i) Except to the extent that each is expressly amended by the terms of the Supplemental Capitalisation Agreement 6, the terms and conditions of the Capitalisation Agreement 6 shall remain in full force and effect. (ii) In the event of any inconsistency between the provisions of the Capitalisation Agreement 6, as amended and varied and the Supplemental Capitalisation Agreement 6, the provisions of the Supplemental Capitalisation Agreement 6 shall prevail.

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15 January 2024

The Board of Directors
TECHNA-X BERHAD
Unit 2.2, Level 2, Work@Clearwater
Jalan Changkat Semantan
Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

**TECHNA-X BERHAD (“TECHNA-X” OR THE “COMPANY”)
REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 OF TECHNA-X
FOR INCLUSION IN THE CIRCULAR TO SHAREHOLDERS OF TECHNA-X**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Techna-X and its subsidiaries (“the Group”) as at 31 December 2022, together with the accompanying notes thereto. The pro forma consolidated statements of financial position of Techna-X (“Pro Forma”) as set out in Appendix A of this Report (which we have stamped for the purpose of identification), have been compiled by the Board of Directors of Techna-X (the “Board”) for the inclusion in the circular to shareholders of Techna-X (“Circular”) solely to illustrate the impact of the following:

- (i) proposed reduction of Techna-X’s share capital by RM1,199,734,780 pursuant to Section 116 of the Companies Act, 2016 (“**Proposed Capital Reduction**”);
- (ii) proposed settlement of an aggregate amount of RM33,834,500 debt owing to creditors by Techna-X via the issuance of 2,487,830,882 new ordinary shares in Techna-X (“**Proposed Debt Settlement**”);
- (iii) proposed consolidation of every 20 existing ordinary shares in Techna-X into 1 Consolidated Share of Techna-X (“consolidated share(s)”) held by the entitled shareholders on an entitlement date to be determined and announced later (“**Proposed Share Consolidation**”); and
- (iv) proposed renounceable rights issue of up to 251,587,641 new ordinary shares in Techna-X (“rights share(s)”) on the basis of 1 Rights Share for every 1 Consolidated Shares held, together with up to 251,587,641 free detachable Warrants in Techna-X on the basis of 1 Warrant for every 1 Rights Share subscribed for by the entitled shareholders on an entitlement date to be determined later (“**Proposed Rights Issue with Warrants**”).

(Collectively, the “**Proposals**”).

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HLB Ler Lum Chew PLT (201906002362 & AF 0276) is an independent member of HLB International, the global advisory and accounting network.



TECHNA-X BERHAD (CONTINUED)

Registration No.: 200601012477 (732227-T)

The applicable criteria on the basis of which the Board has compiled the Pro Forma is described in Note 2 to 5 of Appendix A.

The Pro Forma has been compiled by the Board to illustrate the impact of the Proposal, as set out in Note 2 to 5 of Appendix A, on the financial position of Techna-X as of 31 December 2022.

As part of this process, information about the financial position of the Group has been extracted by the Board from the audited consolidated financial statements of the Group for the financial year ended 31 December 2022, on which the audited report was dated 25 April 2023.

Directors’ responsibilities for the Pro Forma

The Board is solely responsible for compiling the Pro Forma on the basis set out in Note 2 to 5 of Appendix A.

Reporting Accountants’ Independence and Quality Control

We have complied with the independence and other ethical requirements of the *By-Laws* (on *Professional Ethics, Conduct and Practice*) issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and other Assurance and Related Services Engagements* issued by the International Auditing and Assurance Standard Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on whether the Pro Forma has been compiled, in all material respects, by the Board on the basis set out in Note 2 to 5 of Appendix A.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires us to plan and perform procedures to obtain reasonable assurance about whether the Board has compiled, in all material respects, the Pro Forma on the basis set out in Note 2 to 5 of Appendix A.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issues.



TECHNA-X BERHAD (CONTINUED)
Registration No.: 200601012477 (732227-T)

The purpose of the Pro Forma included in the Circular is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Further, such information may not reflect the actual or predict the Group's future financial position. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the Pro Forma provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (a) The Pro Forma of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the Pro Forma, based on the audited financial statements of the Group for the financial year ended 31 December 2022, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the financial year ended 31 December 2022; and
- (b) Each material adjustment made to the information used in the preparation of the Pro Forma is appropriate for the purpose of preparing the Pro Forma.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

- (a) the Pro Forma of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the Pro Forma, based on the audited financial statements of the Group for the financial year ended 31 December 2022 and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the financial year ended 31 December 2022; and
- (b) each material adjustment made to the information used in the preparation of the Pro Forma of the Group is appropriate for the purposes of preparing the Pro Forma.

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



TECHNA-X BERHAD (CONTINUED)
Registration No.: 200601012477 (732227-T)

Other Matters

This report is issued solely for the purpose of inclusion in the Circular. As such, this Report should not be reproduced, referred to in any other document or used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to read 'HLB Ler Lum Chew'.

HLB LER LUM CHEW PLT
(201906002362 & AF0276)
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'Chew Loong Jin'.

CHEW LOONG JIN
03279/03/2025 J
CHARTERED ACCOUNTANT

KUALA LUMPUR

TECHNA-X BERHAD

Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

1. Basis of preparation

The pro forma consolidated statements of financial position (the "Pro Forma") of Techna-X Berhad ("Techna-X" or the "Company") and its subsidiaries (collectively, the "Group") has been prepared for illustrative purposes only for the inclusion in the Circular of the Group in connection with Proposed Capital Reduction, Proposed Debt Settlement, Proposed Share Consolidation and Proposed Rights Issue with Warrants (collectively, the "Proposals"). The Pro Forma has been compiled on the basis stated using financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

2. Details of the Proposals

2.1 Proposed Capital Reduction

The Proposed Share Capital reduction entails the reduction of Techna-X share capital by RM1,199,734,780 pursuant to Section 116 of the Companies Act 2016. The order by the High Court of Malaya will be sought to sanction the Proposed Capital Reduction after receipt of approvals from the shareholders of the Company at an Extraordinary General Meeting to be convened.

2.2 Proposed Debt Settlement

On 29 November 2022, Techna-X entered into 6 Capitalisation Agreements with each of the creditors respectively, to settle the amount owing by the Company to the creditors, via the issuance of the settlement shares at the settlement issue price of RM0.0275 per settlement share.

On 14 April 2023, the Company entered into Supplemental Agreements with the 6 creditors to vary the terms of the Capitalisation Agreements including the variation of settlement issue price from RM0.0275 to RM0.0136 per settlement share.

On 14 April 2023, the Company also entered into a Capitalisation Agreement with GIP Work Sdn. Bhd. ("GIP") to settle the amount owing by the Company to GIP, via the issuance of the settlement share at an issue price of RM0.0136 per settlement share.

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)

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TECHNA-X BERHAD

Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

2. Details of the Proposals (Continued)

2.2 Proposed Debt Settlement (Continued)

The details of the creditors and the settlement amount to each creditor and the quantity of settlement shares to be received by each creditor are as follows:

	Quantity of settlement shares '000	Price per ordinary share RM	Amount RM'000
Creditors			
Tap Partners Sdn. Bhd.	1,544,118	0.0136	21,000
Debut Supreme Capital Sdn. Bhd.	133,419	0.0136	1,815
Chan Kok San	185,294	0.0136	2,520
Tee Sook Sing	110,294	0.0136	1,500
Advance Opportunities Fund I	110,294	0.0136	1,500
Advance Opportunities Fund	36,765	0.0136	500
GIP Work Sdn. Bhd.	367,647	0.0136	5,000
	<u>2,487,831</u>		<u>33,835</u>

2.3 Proposed Share Consolidation

The Proposed Share Consolidation of every 20 existing ordinary shares into 1 Consolidated Share by the entitled shareholders on an entitlement date is to be determined and announced later will be undertaken after the completion of the Proposed Debt Settlement.

As of the Latest Practicable Date (“LPD”), Techna-X has:

- (i) 134,000,000 existing Employee Share Options Scheme (“ESOS”) Options exercisable into 134,000,000 new shares at an exercise price of RM0.0703; and
- (ii) up to 195,207,210 balance ESOS Options which may be granted under the ESOS (taking into consideration the maximum number of new shares which can be allotted and issued pursuant to the exercise of ESOS Options) and exercisable into 195,207,210 new shares at an indicative exercise price of RM0.012.

Upon completion of the Proposed Debt Settlement and under the Share Consolidation minimum scenario, the total outstanding Techna-X Shares will be 4,702,545,618 Shares, whereby none of the Existing ESOS Options and Balance ESOS Options are granted and/or exercised into new Techna-X Shares. Upon completion of the Proposed Share Consolidation, Techna-X resultant issued Shares will be 235,127,280 Consolidation Shares.

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

2. Details of the Proposals (Continued)

2.3 Proposed Share Consolidation (continued)

Upon completion of the Proposed Debt Settlement and under the Share Consolidation maximum scenario, the total outstanding Techna-X Shares will increase to 5,031,752,828 Shares, whereby all of the 134,000,000 Existing ESOS Options and 195,207,210 Balance ESOS Options are granted and/or exercised into new Techna-X Shares. Upon completion of the Proposed Share Consolidation, Techna-X resultant issued Shares will be 251,587,641 Consolidation Shares.

The minimum and maximum scenario for the Proposed Share Consolidation, assuming no ESOS were exercised and assuming all existing and outstanding ESOS were exercised respectively, are as follows:

	Minimum scenario '000	Maximum scenario '000
Number of shares as at LPD	2,214,715	2,214,715
Proposed Debt Settlement (Note 2.2)	2,487,831	2,487,831
Conversion of ESOS	-	329,207
Total outstanding number of Techna-X shares	<u>4,702,546</u>	<u>5,031,753</u>
Number of shares after effect of Proposed Share Consolidated of every 20 ordinary shares into 1 Consolidated Share	<u>235,127</u>	<u>251,588</u>

2.4 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will be implemented after the completion of Proposed Share Consolidation.

Based on the Proposed Share Consolidation Maximum Scenario and Maximum Subscription Level, the Proposed Rights Issue with Warrants would entail issuance of up to 251,587,641 Rights Shares with Warrants to the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) on the basis of 1 Rights Share for every 1 Consolidated Shares held, together with up to 251,587,641 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for by the Rights Shares with Warrants Entitled Shareholders and/or their renounee(s) on the Rights Shares with Warrants Entitlement Date. Based on the Indicative Rights Issue Price of RM0.13 per Rights Share, the Proposed Rights Issue with Warrants will raise total gross proceeds of RM32,706,393.

The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level to raise minimum gross proceeds of RM7,000,000 via the issuance of 53,846,154 shares based on the indicative Rights Issue Price of RM0.13 per Rights Share, derived from an Undertaking with a shareholder via the Proposed Debt Settlement.

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

2. Details of the Proposals (Continued)

2.4 Proposed Rights Issue with Warrants (continued)

Based on the Rights Issue with Warrants Minimum Subscription Level, the Proposed Rights Issue of Warrants will entail issuance of up to 53,846,154 Warrants at an Indicative Exercise Price of RM0.185 per Warrant based on the Bonus Warrants Entitlement Basis.

Based on the Rights Issue with Warrants Maximum Subscription Level, the Proposed Rights Issue of Warrants will entail issuance of up to 251,587,641 Warrants at an Indicative Exercise Price of RM0.185 per Warrant based on the Bonus Warrants Entitlement Basis.

3. Scenarios

The Pro Forma which the Directors of Techna-X are solely responsible for the compilation of the Pro Forma as set out in Notes 2 to 5 of the Pro Forma, has been prepared solely for illustrative purposes, to show the effects of the following:

Scenario	Assumption
Minimum	<p>(a) issued share capital of the Company of RM1,224,219,163 comprising 2,214,714,736 shares as at the LPD;</p> <p>(b) reduction of the share capital amount to RM1,199,734,780 arising from the Proposed Capital Reduction will be credited to the accumulated losses account of Techna-X as well after deducting the estimated expenses of RM200,000 in relation to the Proposed Capital Reduction;</p> <p>(c) issuance of 2,487,830,882 Settlement Shares at the Settlement Issue Price pursuant to the Proposed Debt Settlement;</p> <p>(d) Share Consolidation Minimum Scenario, whereby none of the Existing ESOS Options and Balance ESOS Options are granted and/or exercised into new Techna-X Shares prior to the Consolidated Shares Entitlement Date; and</p> <p>(e) Minimum Subscription Level, whereby the Proposed Rights Issue with Warrants will be undertaken to raise minimum gross proceeds of RM7,000,000 which entails the issuance of 53,846,154 Rights Shares based on the Indicative Rights Issue Price and 53,846,154 Warrants based on the indicative exercise price of RM0.185 per Warrant.</p>

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

3. Scenarios (Continued)

Scenario	Assumption
Maximum	<p>(a) issued share capital of the Company of RM1,224,219,163 comprising 2,214,714,736 shares as at the LPD;</p> <p>(b) reduction of the share capital amount to RM1,199,734,780 arising from the Proposed Capital Reduction will be credited to the accumulated losses account of Techna-X as well after deducting the estimated expenses of RM200,000 in relation to the Proposed Capital Reduction;</p> <p>(c) issuance of 2,487,830,882 Settlement Shares at the Settlement Issue Price pursuant to the Proposed Debt Settlement;</p> <p>(d) Share Consolidation Maximum Scenario, whereby all of the 134,000,000 Existing ESOS Options and 195,207,210 Balance ESOS Options are granted and/or exercised into new Texhna-X Shares at exercise price of RM0.0703 and indicative exercise price of RM0.012, respectively prior to the Consolidated Shares Entitlement Date; and</p> <p>(e) Maximum Subscription Level, whereby the Proposed Rights Issue with Warrants entails the issuance of 251,587,641 Rights Shares based on the Indicative Rights Issue Price and 251,587,641 Warrants based on the Indicative exercise price of RM0.185 per Warrant.</p>

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. **The Pro Forma**
4.1 Minimum Scenario

	As at 31 December 2022 RM'000	After adjustment for subsequent event RM'000	Pro Forma (I) After adjustment for subsequent event and Proposed Capital Reduction RM'000	Pro Forma (II) After (I) and Proposed Debt Settlement RM'000	Pro Forma (III) After (II) and Proposed Share Consolidation with Warrants RM'000	Pro Forma (IV(a)) Proposed Rights Issue with Warrants RM'000	Pro Forma (IV(b)) After (IV(a)) and assuming full exercise of Warrants RM'000
Non-Current Assets							
Property, plant and equipment	15,917	15,917	15,917	15,917	15,917	15,917	15,917
Investment in associates	68,761	68,761	68,761	68,761	68,761	68,761	68,761
Other investment	7	7	7	7	7	7	7
Right-of-use assets	11,990	11,990	11,990	11,990	11,990	11,990	11,990
Intangible assets	70,676	70,676	70,676	70,676	70,676	70,676	70,676
Deferred tax assets	143	143	143	143	143	143	143
	167,494	167,494	167,494	167,494	167,494	167,494	167,494

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)
4.1 Minimum Scenario (Continued)

	As at 31 December 2022 RM'000	After adjustment for subsequent event RM'000	After adjustment for subsequent event and Proposed Capital Reduction RM'000	Pro Forma (I) After adjustment for subsequent event and Proposed Capital Reduction RM'000	Pro Forma (II) RM'000	Pro Forma (III) RM'000	Pro Forma (IV(a)) RM'000	Pro Forma (IV(b)) RM'000
				After (II) and Proposed Share Consolidation RM'000	After (I) and Proposed Debt Settlement RM'000	After (II) and Proposed Share Consolidation RM'000	After (III) and Proposed Rights Issue with Warrants RM'000	After (IV(a)) and assuming full exercise of Warrants RM'000
Current Assets								
Inventories	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410
Trade receivables	23,657	23,657	23,657	23,657	23,657	23,657	23,657	23,657
Other receivables	7,755	7,755	7,755	7,755	7,755	7,755	7,755	7,755
Tax recoverable	404	404	404	404	404	404	404	404
Cash and cash equivalents	4,990	1,805	1,605	1,605	1,605	1,605	7,605	17,567
Non-current assets held for sale	38,216	35,031	34,831	34,831	34,831	34,831	40,831	50,793
	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total assets	48,216	45,031	44,831	44,831	44,831	44,831	50,831	60,793
	215,710	212,525	212,325	212,325	212,325	212,325	218,325	228,287

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

	As at 31 December 2022 RM'000	After adjustment for subsequent event	After adjustment for subsequent event and Proposed Capital Reduction RM'000	Pro Forma (I) After adjustment for subsequent event and Proposed Capital Reduction RM'000	Pro Forma (II) After (I) and Proposed Debt Settlement RM'000	Pro Forma (III) After (II) and Proposed Share Consolidation with Warrants RM'000	Pro Forma (IV(a)) After (III) and Proposed Rights Issue with Warrants RM'000	Pro Forma (IV(b)) After (IV(a)) and assuming full exercise of Warrants RM'000
Equity								
Share capital	1,224,219	1,224,219	24,484	58,319	58,319	61,822	75,281	75,281
Reserves	11,694	11,694	11,694	11,694	11,694	15,191	11,694	11,694
(Accumulated losses)/Retained earnings	(1,193,884)	(1,193,884)	5,651	5,651	5,651	5,651	4,651	4,651
Equity attributable to the owners of the Company	42,029	42,029	41,829	75,664	75,664	81,664	91,626	91,626
Non-controlling interest	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)
Total equity	41,837	41,837	41,637	75,472	75,472	81,472	91,434	91,434
Non-Current Liabilities								
Other payables	37,427	37,427	37,427	37,427	37,427	37,427	37,427	37,427
Lease liabilities	6,466	6,466	6,466	6,466	6,466	6,466	6,466	6,466
Deferred tax liabilities	122	122	122	122	122	122	122	122
	44,015	44,015	44,015	44,015	44,015	44,015	44,015	44,015

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

	As at 31 December 2022 RM'000	After adjustment for subsequent event RM'000	Pro Forma (I) After adjustment for subsequent event and Proposed Capital Reduction RM'000	Pro Forma (II) After (I) and Proposed Debt Settlement RM'000	Pro Forma (III) After (II) and Proposed Share Consolidation with Warrants RM'000	Pro Forma (IV(a)) Proposed Rights Issue with Warrants RM'000	Pro Forma (IV(b)) After (IV(a)) and assuming full exercise of Warrants RM'000
Current Liabilities							
Trade payables	4,932	4,932	4,932	4,932	4,932	4,932	4,932
Other payables	82,466	79,281	79,281	45,446	45,446	45,446	45,446
Amount owing to an associate	32,054	32,054	32,054	32,054	32,054	32,054	32,054
Lease liabilities	6,832	6,832	6,832	6,832	6,832	6,832	6,832
Borrowings	1,735	1,735	1,735	1,735	1,735	1,735	1,735
Provision for taxation	1,839	1,839	1,839	1,839	1,839	1,839	1,839
	129,858	126,673	126,673	92,838	92,838	92,838	92,838
Total liabilities	173,873	170,688	170,688	136,853	136,853	136,853	136,853
Total equity and liabilities	215,710	212,525	212,325	212,325	212,325	218,325	228,287

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

	As at 31 December 2022	After adjustment for subsequent event	Pro Forma (I) After adjustment for subsequent event and Proposed Capital Reduction	Pro Forma (II) After (I) and Proposed Debt Settlement	Pro Forma (III) After (II) and Proposed Share Consolidation with Warrants	Pro Forma (IV(a)) Proposed Rights Issue	Pro Forma (IV(b)) and assuming full exercise of Warrants
No. of shares ('000)	2,214,715	2,214,715	2,214,715	4,702,546	235,127	288,973	342,819
Net assets per share (RM)	0.02	0.02	0.02	0.02	0.32	0.28	0.27
Borrowing (RM'000)	(i) 38,755	(ii) 35,570	35,570	1,735	1,735	1,735	1,735
Gearing (times)	0.92	0.85	0.85	0.02	0.02	0.02	0.02

Note

- (i) Inclusive of the Settlement Amount of RM37,020,000 owing to Creditors arising from the Capitalisation Agreements classified as other payables as mentioned in Note 2.2.
- (ii) After adjusting for the revised balances relating to the six (6) Creditors Supplemental Agreements and inclusion of the new Capitalisation Agreement with GIP subsequent to 31 December 2022 as mentioned in Note 2.2.

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TECHNA-X BERHAD - (“TECHNA-X” OR “THE COMPANY”)
Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

The Pro Forma should be read in conjunction with the notes below:

4.1.1 Adjustment for subsequent event

Adjustment for subsequent event incorporates the subsequent events between the date of the latest audited financial statements as of 31 December 2022 and the LPD as follows:

(a) Supplemental Agreement with Creditors

On 14 April 2023, the Company entered into Supplementary Agreements with six (6) creditors to vary the terms of the Capitalisation Agreements including the variation of settlement issue price from RM0.0275 to RM0.0136 per settlement share and settlement amount for two (2) creditors as follows:

	Settlement Amount as per Capitalisation Agreement RM’000	Settlement Amount as per Supplemental Agreement RM’000	Adjustment on the Settlement Amount RM’000
TAP Partners Sdn. Bhd.	27,000	21,000	(6,000)
Debut Supreme Capital Sdn. Bhd.	4,000	1,815	(2,185)
	<u>31,000</u>	<u>22,815</u>	<u>(8,185)</u>

(b) Advances received from a creditor

During the financial period, Techna-X received advances from GIP Work Sdn. Bhd. (“GIP”) amounting to RM5,000,000.

On 14 April 2023, Techna-X entered into a Capitalisation Agreement with GIP to settle the amount owing by the Company to GIP, via the issuance of the settlement share at an issue price of RM0.0136 per settlement share.

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

4.1.1 Adjustment for subsequent event (continued)

The effects of the adjustment on the subsequent event are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM'000	RM'000
Cash and cash equivalents	(3,185)	-
Other payables	-	(3,185)
	<u>(3,185)</u>	<u>(3,185)</u>

4.1.2 Pro Forma I

Pro Forma I incorporates the effects of the adjustment of subsequent event and the Proposed Capital Reduction amounting to RM1,199,734,780 pursuant to the Companies Act, 2016 in Malaysia.

The estimated expenses in relation to the Proposed Capital Reduction is RM200,000.

The effects of the Proposed Capital Reduction are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM'000	RM'000
Cash and cash equivalents	(200)	-
Share capital	-	(1,199,735)
(Accumulated losses)/Retained earnings	-	1,199,535
	<u>(200)</u>	<u>(200)</u>

4.1.3 Pro Forma II

Pro Forma II incorporates the effects of the adjustment of subsequent event, Pro Forma I and the issuance of 2,487,830,882 Proposed Debt Settlement Shares at issuance price of RM0.0136 per Settlement Share amounting to RM33,834,500.

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

4.1.3 Pro Forma II (continued)

The effects of the Proposed Debt Settlement are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM’000	RM’000
Other payables	-	(33,835)
Share capital	-	33,835
	<u>-</u>	<u>-</u>

4.1.4 Pro Forma III

Pro-Forma III incorporates the effects of the adjustment to subsequent event, Pro Forma I, Pro Forma II and the effects of the Proposed Share Consolidation Minimum Scenario, whereby none of the existing ESOS Options and balance ESOS Options are granted and/or exercised into new Techna-X Shares prior to the share consolidation of every 20 existing ordinary shares into 1 Consolidated Share.

There is no effect on the Statements of Financial Position pursuant to Proposed Share Consolidation.

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2021

4. The Pro Forma (Continued)

4.1 Minimum Scenario (Continued)

4.1.5 Pro Forma IV

Pro-Forma IV incorporates the effects of adjustment to the subsequent event, Pro Forma I, Pro Forma II, Pro Forma III and the effects of the Proposed Rights Issue with Warrants at an indicative price of RM0.13 per Rights Share with Warrants on a minimum level of subscription amounting to RM7,000,000.

The Proposed Rights Issue of Warrants will entail issuance of up to 53,846,154 Warrants at an Indicative Exercise Price of RM0.185 per Warrant based on the Warrants Entitlement Basis.

The estimated expenses in relation to the Proposed Rights Issue with Warrants is RM1,000,000.

(a) The effects of the Proposed Rights Issue with Warrants are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM’000	RM’000
Cash and cash equivalents	6,000	-
Share capital	-	3,503
Reserves	-	3,497
(Accumulated losses)/Retained earnings	-	(1,000)
	6,000	6,000

(b) Assuming full exercise of the Warrants, the effects are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM’000	RM’000
Cash and cash equivalents	9,962	-
Share capital	-	13,459
Reserves	-	(3,497)
	9,962	9,962

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario

	As at 31 December 2022 RM'000	After adjustment for subsequent event RM'000	Assuming full issuance and conversion of convertible exercise of securities RM'000	Pro Forma (I) After assuming full issuance and conversion of convertible securities and Proposed Capital Reduction RM'000	Pro Forma (II) Proposed Debt Settlement RM'000	Pro Forma (III) Proposed Share Consolidation with Warrants RM'000	Pro Forma (IV(a)) Proposed Rights Issue and assuming full exercise of Warrants RM'000	Pro Forma (IV(b))
Non-Current Assets								
Property, plant and equipment	15,917	15,917	15,917	15,917	15,917	15,917	15,917	15,917
Investment in associates	68,761	68,761	68,761	68,761	68,761	68,761	68,761	68,761
Other investment	7	7	7	7	7	7	7	7
Right-of-use assets	11,990	11,990	11,990	11,990	11,990	11,990	11,990	11,990
Intangible assets	70,676	70,676	70,676	70,676	70,676	70,676	70,676	70,676
Deferred tax assets	143	143	143	143	143	143	143	143
	167,494	167,494	167,494	167,494	167,494	167,494	167,494	167,494

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

TECHNA-X BERHAD
Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

	As at 31 December 2022 RM'000	After adjustment for subsequent event RM'000	Assuming full issuance and conversion/ exercise of convertible securities RM'000	Pro Forma (I) After assuming full issuance and conversion of securities and convertible Proposed Capital Reduction RM'000	Pro Forma (II) Proposed Debt Settlement RM'000	Pro Forma (III) Proposed Share Consolidation with Warrants RM'000	Pro Forma (IV(a)) Proposed Rights Issue and assuming full exercise of Warrants RM'000	Pro Forma (IV(b))
Current Assets								
Inventories	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410
Trade receivables	23,657	23,657	23,657	23,657	23,657	23,657	23,657	23,657
Other receivables	7,755	7,755	7,755	7,755	7,755	7,755	7,755	7,755
Tax recoverable	404	404	404	404	404	404	404	404
Cash and cash equivalents	4,990	1,805	13,567	13,367	13,367	13,367	45,073	91,617
	38,216	35,031	46,793	46,593	46,593	46,593	78,299	124,843
Non-current assets held for sale	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	48,216	45,031	56,793	56,593	56,593	56,593	88,299	134,843
Total assets	215,710	212,525	224,287	224,087	224,087	224,087	255,793	302,337

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

TECHINA-X BERHAD
Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)
4.2 Maximum Scenario (Continued)

	As at 31 December 2022	After adjustment for subsequent event	Assuming full issuance and conversion of convertible securities/exercise of convertible securities	Pro Forma (I) After assuming full issuance and conversion of securities and convertible securities	Pro Forma (II) Proposed Debt Settlement	Pro Forma (III) Proposed Share Consolidation	Pro Forma (IV(a)) Proposed Rights Issue with Warrants	Pro Forma (IV(b)) After (IV(a)) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity								
Share capital	1,224,219	1,224,219	1,243,793	44,058	77,893	77,893	94,259	157,143
Reserves	11,694	11,694	3,882	3,882	3,882	3,882	20,222	3,882
(Accumulated losses)/Retained earnings	(1,193,884)	(1,193,884)	(1,193,884)	5,651	5,651	5,651	4,651	4,651
Equity attributable to the owners of the Company	42,029	42,029	53,791	53,591	87,426	87,426	119,132	165,676
Non-controlling interest	(192)	(192)	(192)	(192)	(192)	(192)	(192)	(192)
Total equity	41,837	41,837	53,599	53,399	87,234	87,234	118,940	165,484
Non-Current Liabilities								
Other payables	37,427	37,427	37,427	37,427	37,427	37,427	37,427	37,427
Lease liabilities	6,466	6,466	6,466	6,466	6,466	6,466	6,466	6,466
Deferred tax liabilities	122	122	122	122	122	122	122	122
	44,015	44,015	44,015	44,015	44,015	44,015	44,015	44,015

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

TECHINA-X BERHAD

Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

	As at 31 December 2022 RM'000	After adjustment for subsequent event RM'000	Assuming full issuance and conversion of convertible securities exercise of securities RM'000	Pro Forma (I) After assuming full issuance and conversion of securities and convertible securities RM'000	Pro Forma (II) Proposed Debt Settlement RM'000	Pro Forma (III) Proposed Share Consolidation RM'000	Pro Forma (IV(a)) Proposed Rights Issue with Warrants RM'000	Pro Forma (IV(b)) After (IV(a)) and assuming full exercise of Warrants RM'000
Current Liabilities								
Trade payables	4,932	4,932	4,932	4,932	4,932	4,932	4,932	4,932
Other payables	82,466	79,281	79,281	79,281	45,446	45,446	45,446	45,446
Amount owing to an associate	32,054	32,054	32,054	32,054	32,054	32,054	32,054	32,054
Lease liabilities	6,832	6,832	6,832	6,832	6,832	6,832	6,832	6,832
Borrowings	1,735	1,735	1,735	1,735	1,735	1,735	1,735	1,735
Provision for taxation	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839
	129,858	126,673	126,673	126,673	92,838	92,838	92,838	92,838
Total liabilities	173,873	170,688	170,688	170,688	136,853	136,853	136,853	136,853
Total equity and liabilities	215,710	212,525	224,287	224,087	224,087	224,087	255,793	302,337

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

TECHNA-X BERHAD
Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

	Pro Forma (I) After assuming full issuance and conversion of convertible securities and securities and After adjustment for subsequent event	Pro Forma (II) Proposed Debt Settlement	Pro Forma (III) Proposed Share Consolidation with Warrants	Pro Forma (IV(a)) Proposed Rights Issue Warrants	Pro Forma (IV(b)) and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2022					
RM'000					
2,214,715	2,214,715	5,031,753	251,588	503,175	754,763
0.02	0.02	0.02	0.35	0.24	0.22
(i) 38,755	(ii) 35,570	1,735	1,735	1,735	1,735
0.92	0.85	0.02	0.02	0.01	0.01

Note

- (i) Inclusive of the Settlement Amount of RM37,020,000 owing to Creditors arising from the Capitalisation Agreements classified as other payables as mentioned in Note 2.2.
- (ii) After adjusting for the revised balances relating to the six (6) Creditors Supplemental Agreements and inclusion of the new Capitalisation Agreement with GIP subsequent to 31 December 2022 as mentioned in Note 2.2.

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

The Pro Forma should be read in conjunction with the notes below:

4.2.1 Adjustment for subsequent event

Adjustment for subsequent event incorporates the subsequent event between the date of the latest audited financial statements as of 31 December 2022 and the LPD as follows:

(a) Supplemental Agreement with Creditors

On 14 April 2023, the Company entered into Supplementary Agreements with six (6) creditors to vary the terms of the Capitalisation Agreements including the variation of settlement issue price from RM0.0275 to RM0.0136 per settlement share and settlement amount for two (2) creditors as follows:

	Settlement Amount as per Capitalisation Agreement RM’000	Settlement Amount as per Supplemental Agreement RM’000	Adjustment on the Settlement amount RM’000
TAP Partners Sdn. Bhd.	27,000	21,000	(6,000)
Debut Supreme Capital Sdn. Bhd.	4,000	1,815	(2,185)
	<u>31,000</u>	<u>22,815</u>	<u>(8,185)</u>

(b) Advances received from a creditor

During the financial period, Techna-X received advances from GIP Work Sdn. Bhd. (“GIP”) amounting to RM5,000,000.

On 14 April 2023, Techna-X entered into a Capitalisation Agreement with GIP to settle the amount owing by the Company to GIP, via the issuance of the settlement share at an issue price of RM0.0136 per settlement share.

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)

Appendix A

TECHNA-X BERHAD

Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

4.2.1 Adjustment for subsequent event (continued)

The effects of the adjustment on the subsequent event are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM’000	RM’000
Cash and cash equivalents	(3,185)	-
Other payables	-	(3,185)
	<u>(3,185)</u>	<u>(3,185)</u>

4.2.2 Assuming full issuance and conversion/exercise of convertible securities

Assuming full issuance and conversion/exercise of convertible securities incorporates the effect of adjustment for subsequent event and assuming full issuance and exercise of 134,000,000 existing ESOS Options at an exercise price of RM0.0703 per existing ESOS Options and 195,207,210 balance ESOS Options at an indicative exercise price of RM0.012 per balance ESOS Option.

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM’000	RM’000
Cash and cash equivalents	11,762	-
Share capital	-	19,574
Reserves	-	(7,812)
	<u>11,762</u>	<u>11,762</u>

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix A

TECHNA-X BERHAD

Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

4.2.3 Pro Forma I

Pro Forma I incorporates the effects of the adjustment of subsequent event, assuming full issuance and conversion/exercise of convertible securities and the Proposed Capital Reduction amounting to RM1,199,734,780 pursuant to the Companies Act, 2016 in Malaysia.

The estimated expenses in relation to the Proposed Capital Reduction is RM200,000.

The effects of the Proposed Capital Reduction are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM'000	RM'000
Cash and cash equivalents	(200)	-
Share capital	-	(1,199,735)
(Accumulated losses)/Retained earnings	-	1,199,535
	<u>(200)</u>	<u>(200)</u>

4.2.4 Pro Forma II

Pro Forma II incorporates the effects of the adjustment for subsequent event, assuming full issuance and conversion/exercise of convertible securities, Pro Forma I, and the issuance of 2,487,830,882 Proposed Debt Settlement Shares at issuance price of RM0.0136 per Settlement Share amounting to RM33,834,500.

The effects of the Proposed Debt Settlement are as follows:

	Increase/(Decrease)	
	Assets	Liabilities/ Equity
	RM'000	RM'000
Other payables	-	(33,835)
Share capital	-	33,835
	<u>-</u>	<u>-</u>

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

4.2.5 Pro Forma III

Pro-Forma III incorporates the effects of adjustment for subsequent event, assuming full issuance and conversion/exercise of convertible securities, Pro Forma I, Pro Forma II and the effects of the Proposed Share Consolidation Maximum Scenario, whereby all of the existing ESOS Options and balance ESOS Options are granted and/or exercised into new Techna-X Shares prior to the share consolidation of every 20 existing ordinary shares into 1 Consolidated Share.

There is no effect on the Statements of Financial Position pursuant to Proposed Share Consolidation.

4.2.6 Pro Forma IV

Pro-Forma IV incorporates the effects of adjustment for subsequent event, assuming full issuance and conversion/exercise of convertible securities, Pro Forma I, Pro Forma II, Pro Forma III and the effects of the Proposed Rights Issue with Warrants entails the issuance of 251,587,641 Rights Issue Shares with Warrants at an indicative price of RM0.13 per Rights Share with Warrants amounting to RM32,706,393.

The Proposed Rights Issue of Warrants will entail issuance of up to 251,587,641 Warrants at an Indicative Exercise Price of RM0.185 per Warrant based on the Warrants Entitlement Basis.

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS’ LETTER THEREON (Cont’d)

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TECHNA-X BERHAD

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

4. The Pro Forma (Continued)

4.2 Maximum Scenario (Continued)

4.2.6 Pro Forma IV (continued)

The estimated expenses in relation to the Proposed Rights Issue with Warrants is RM1,000,000.

(a) The effects of the Proposed Rights Issue with Warrants are as follows:

	Increase/(Decrease)	
	Assets RM'000	Liabilities/ Equity RM'000
Cash and cash equivalents	31,706	-
Share capital	-	16,366
Reserve	-	16,340
(Accumulated losses)/Retained earnings	-	(1,000)
	<u>31,706</u>	<u>31,706</u>

(b) Assuming full exercise of the Warrants, the effects are as follows:

	Increase/(Decrease)	
	Assets RM'000	Liabilities/ Equity RM'000
Cash and cash equivalents	46,544	-
Share capital	-	62,884
Reserves	-	(16,340)
	<u>46,544</u>	<u>46,544</u>

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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TECHNA-X BERHAD

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

5. Effects of the Pro Forma

5.1 . Movement in Cash and Cash Equivalents

5.1.1 Minimum Scenario

	RM'000
As at 31 December 2022	4,990
Adjustment for subsequent event	(3,185)
Effects of Pro Forma I - Proposed capital reduction	(200)
Effects of Pro Forma II - Proposed debt settlement	-
Effects of Pro Forma III - Proposed share consolidation	-
Effects of Pro Forma IV(a) - Proposed Rights Issue with Warrants	6,000
Effects of Pro Forma IV(b) - Proposed Rights Issue with Warrants, assuming full exercise of Warrants	9,962
	<u>17,567</u>

5.1.2 Maximum Scenario

	RM'000
As at 31 December 2022	4,990
Adjustment for subsequent event	(3,185)
Assuming full issuance and conversion/exercise of convertible securities	11,762
Effects of Pro Forma I - Proposed capital reduction	(200)
Effects of Pro Forma II - Proposed debt settlement	-
Effects of Pro Forma III - Proposed share consolidation	-
Effects of Pro Forma IV(a) - Proposed Rights Issue with Warrants	31,706
Effects of Pro Forma IV(b) - Proposed Rights Issue with Warrants, assuming full exercise of Warrants	46,544
	<u>91,617</u>

APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

5. Effects of the Pro Forma (Continued)

5.2 Movement in Equity

5.2.1 Minimum Scenario

	Non-distributable			Distributable		Total			
	Share Capital RM'000	Foreign currency translation reserve RM'000	Warrants reserve RM'000	Share options reserve RM'000	Employee share options scheme reserve RM'000		(Accumulated losses)/ Retained earnings RM'000		
As at 31 December 2022	1,224,219	(38)	-	3,920	7,812	(1,193,884)	42,029	(192)	41,837
Adjustment for subsequent event	-	-	-	-	-	-	-	-	-
Effects of Pro Forma I -	(1,199,735)	-	-	-	-	1,199,535	(200)	-	(200)
Proposed capital reduction	-	-	-	-	-	-	-	-	-
Effects of Pro Forma II -	33,835	-	-	-	-	-	33,835	-	33,835
Proposed debt settlement	-	-	-	-	-	-	-	-	-
Effects of Pro Forma III -	-	-	-	-	-	-	-	-	-
Proposed share consolidation	-	-	-	-	-	-	-	-	-
Effects of Pro Forma IV(a) -	-	-	-	-	-	-	-	-	-
Proposed Rights Issue with Warrants	3,503	-	3,497	-	-	(1,000)	6,000	-	6,000
Effects of Pro Forma IV(b) -	-	-	-	-	-	-	-	-	-
Proposed Rights Issue with Warrants, assuming full exercise of Warrants	13,459	-	(3,497)	-	-	-	9,962	-	9,962
	75,281	(38)	-	3,920	7,812	4,651	91,626	(192)	91,434

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APPENDIX III – PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF TXB GROUP AS AT 31 DECEMBER 2022 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

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TECHNA-X BERHAD

Registration No.: 200601012477 (732227-T)

NOTES TO PRO FORMA AS AT 31 DECEMBER 2022

5. Effects of the Pro Forma (Continued)

5.2 Movement in Equity (Continued)

5.2.2 Maximum Scenario

	Non-distributable			Distributable			Total RM'000		
	Share Capital RM'000	Foreign currency translation reserve RM'000	Warrants reserve RM'000	Share options reserve RM'000	Employee share options scheme reserve RM'000	Retained earnings/ losses/ RM'000		Subtotal RM'000	Non- Controlling Interests RM'000
As at 31 December 2022	1,224,219	(38)	-	3,920	7,812	(1,193,884)	42,029	(192)	41,837
Adjustment for subsequent event	-	-	-	-	-	-	-	-	-
Assuming full issuance and conversion/exercise of convertible securities	19,574	-	-	-	(7,812)	-	11,762	-	11,762
Effects of Pro Forma I - Proposed capital reduction	(1,199,735)	-	-	-	-	1,199,535	(200)	-	(200)
Effects of Pro Forma II - Proposed debt settlement	33,835	-	-	-	-	-	33,835	-	33,835
Effects of Pro Forma III - Proposed share consolidation	-	-	-	-	-	-	-	-	-
Effects of Pro Forma IV(a) - Proposed Rights Issue with Warrants	16,366	-	16,340	-	-	(1,000)	31,706	-	31,706
Effects of Pro Forma IV(b) - Proposed Rights Issue with Warrants, assuming full exercise of Warrants	62,884	-	(16,340)	-	-	-	46,544	-	46,544
	157,143	(38)	-	3,920	-	4,651	165,676	-	165,484

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 Chartered Accountants

APPENDIX IV – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy, completeness and correctness of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

(a) WA-22NCC-22-01/2023

SARALEANA NATTAYA BINTI AZMI (“**Plaintiff**”) V TECHNAX BERHAD

On 10 February 2021, the Parties has entered into a sale and purchase of share agreement, where TXB agreed to buy and the Plaintiff agreed to sell 10,000,000 ordinary shares (equivalent of 25% of the total share) in Mbits Digital Sdn Bhd for RM12,500,000.00.

The Plaintiff claimed that TXB has only paid RM1,898,000.00 and has filed a suit against TXB for the following:

- (a) Amount of RM10,602,000.00;
- (b) Interest of 5% per annum on the above sum calculated from the date of the writ of summons until the date of judgement and thereafter until the date of full settlement;
- (c) Cost; and
- (d) Any other relieve the Court deems fair and reasonable.

On 29 December 2023, TXB has filed a striking out application against the claim by the Plaintiff. Following the case management held on 5 January 2024, the court has fixed a hearing date for the striking out application on 1 March 2024.

The striking out application is based on the balance purchase price under the sale and purchase of shares agreement which has been fully settled with evidence presented by the Company. The Plaintiff’s claims and suit is deemed by TXB baseless, frivolous and vexatious and/or in an abuse of process of the High Courts Of Malaya, Malaysia.

(b) WA-B51NCvC-32-05/2023

Government of Malaysia (“**Plaintiff**”) v (1) Touchpoint International Sdn Bhd, (2) Ng Chee Seng and (3) Amirrudin Bin Yahaya (collectively as “**Defendants**”)

The Plaintiff is the Royal Malaysian Customs Department. The Plaintiff claimed that TPI has failed to make the necessary payment pursuant to Service Tax Act 2018 and has filed a suit against the Defendants for the following:

- (a) Amount of claim
 - (i) Service tax of RM449,044.82;
 - (ii) Penalty of RM179,617.90

APPENDIX IV – FURTHER INFORMATION (Cont'd)

- (b) Interest of 5% per annum on the above sum calculated from the date of the writ of summons until the date of judgement and thereafter until the date of full settlement;
- (c) Cost; and
- (d) Any other relieve the Court deems fit.

On 17 July 2023, the Plaintiff has filed an application for summary judgment against the Defendants. Following the Case Management held on 5 January 2024, the Court has fixed a hearing date for the summary judgement application on 20 March 2024.

The issue arose because TPI's service tax returns have been submitted incorrectly which resulted TPI having to pay the service tax that have already been paid.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

As at the LPD, save for those as disclosed below, the Board is not aware of any material commitments, incurred or known to be incurred by the Group that has been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the TXB Group.

- (a) Purchase consideration of new companies/business

	<u>RM'000</u>
Companies/business	
- Business of Wavetree Technologies Sdn Bhd	28,260
- Techna Analytics Sdn Bhd	3,477
- HKAB	5,020
Total	<u><u>36,757</u></u>

- (b) The Company has on 9 June 2023 entered into a Tripartite Agreement for algae biofuel technology project. Pursuant to the Tripartite Agreement, Techna-X Aerobeidou Sdn Bhd ("**TASB**"), a subsidiary of TXB has committed to invest USD120 million via a bank guarantee to develop a microalgae farm ("**Development**"), location is yet to be determined.

The obligations of TASB under this Tripartite Agreement only arises when the bank guarantee is procured and the appropriate location for the development of the farm is identified.

Subsequently, TASB has entered into a Supplemental Agreement whereby TASB is committed to make 2% (USD 2.4million) out of the USD120.0 million bank guarantee payment to the contractor of the Development, RTA E&C Sdn Bhd ("**RTA**"). The 2% bank guarantee payment shall have a tenure of 3 months, during the 3 months period the 2% bank guarantee payment shall not be drawn down and/or encashed without prior written consent of TASB. The purpose of the 2% bank guarantee in favour of the RTA, shall be used strictly for the procurement of financing facility up to USD120.0 million for the purpose of the construction works for the Development.

3.2 Contingent liabilities

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred, by the Group which, upon becoming due and enforceable, may have a material impact on the financial results or position of the Group.

4. CONSENT AND DECLARATION**4.1 M&A Securities**

M&A Securities being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

M&A Securities do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Principal Adviser of the Company for the Proposals.

4.2 FHCA

FHCA being the Independent Adviser for the Proposed Debt Settlement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

FHCA do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Independent Adviser of the Company for the Proposed Debt Settlement.

4.3 Providence

Providence, being the IMR for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Providence do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the IMR of the Company for the Proposals.

4.4 HLB Ler Lum Chew PLT

HLB Ler Lum Chew PLT, being the Reporting Accountants for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the Reporting Accountants' letter on the pro forma consolidated statement of financial position of TXB Group as at 31 December 2022, and all references thereto in the form and context in which they appear in this Circular.

HLB Ler Lum Chew PLT do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Reporting Accountants of the Company for the Proposals.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah

APPENDIX IV – FURTHER INFORMATION (Cont'd)

Persekutuan during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of the EGM:

- (i) Constitution of TXB;
- (ii) the audited consolidated financial statements of TXB for the FYE 2021 and FYE 2022;
- (iii) the latest unaudited consolidated financial statements of TXB for the FPE 2023;
- (iv) the letters of consent and declaration referred to in Section 4 above;
- (v) IMR report;
- (vi) Capitalisation Agreements;
- (vii) Supplemental Capitalisation Agreements;
- (viii) Letter of Undertaking;
- (ix) draft deed poll;
- (x) pro forma consolidated statement of financial position of TXB Group as at 31 December 2022 together with the Reporting Accountants' letter thereon; and
- (xi) the relevant cause papers in respect of the material litigation referred to in Section 2 above.

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TECHNA-X BERHAD
[Registration No. 200601012477 (732227-T)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Techna-X Berhad ("**TXB**" or the "**Company**") to be held at The Pavilion @ Royal Lake Club, Taman Tasik Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 8 February 2024 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF TXB'S SHARE CAPITAL PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED CAPITAL REDUCTION")

"THAT subject to the confirmation of the High Court of Malaya and the approvals from the relevant authorities and/or parties being obtained (where applicable), approval be and is hereby given to the Board of Directors of TXB ("**Board**") for the implementation of the Proposed Capital Reduction pursuant to Section 116 of the Act;

THAT the share capital of the Company be reduced and cancelled to the extent of RM1,199,734,780 and that such reduction be effected and satisfied by the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets;

THAT the credit arising from the Proposed Capital Reduction shall be used to eliminate the accumulated losses of the Company and the surplus after the elimination of the Company's accumulated losses pursuant to the Proposed Capital Reduction, if any, shall be credited to the retained earnings account of the Company, which may be utilised in such manner as the Board deems fit and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Constitution of the Company;

AND THAT the Board of the Company be and is hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authorities to give effect to the Proposed Capital Reduction, and to take all such steps as they may deem necessary or expedient in the best interests of the Company to implement, finalise and give full effect to the Proposed Capital Reduction."

ORDINARY RESOLUTION 1

PROPOSED SETTLEMENT OF AN AGGREGATE AMOUNT OF RM33,834,500 DEBT OWING TO CREDITORS BY TXB VIA THE ISSUANCE OF 2,487,830,882 NEW ORDINARY SHARES IN TXB AT ISSUE PRICE OF RM0.0136 PER ORDINARY SHARE ("TXB SHARE(S)" OR "SHARE(S)") ("PROPOSED DEBT SETTLEMENT")

"THAT subject to all the approvals and consents being obtained from all relevant authorities and/or parties (where applicable), including but not limited to the approval by Bursa Malaysia Securities Berhad for the listing of and quotation for 2,487,830,882 new TXB Shares ("**Settlement Shares**") at an issue price of RM0.0136 each, the Board be and is hereby authorised to allot and issue the Settlement Shares in the manner and subject to the terms and conditions contained in the capitalisation agreements and/or supplementary capitalisation agreements entered into with TAP Partners Sdn Bhd, Debut

Supreme Capital Sdn Bhd, Chan Kok San, Tee Sook Sing, Advance Opportunities Fund I, Advance Opportunities Fund and GIP Work Sdn Bhd (collectively referred to the "**Creditors**");

THAT any pre-emptive rights to the Settlement Shares that each shareholder of TXB may have pursuant to the Section 85 of the Act read together with the Clause 17 of the Constitution of TXB be hereby waived;

THAT the Settlement Shares to be issued to the Creditors, shall upon allotment and issuance, rank pari passu in all respects with the then existing TXB Shares, save and except that the new TXB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of issuance and allotment of the Settlement Shares;

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Debt Settlement to Creditors in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board."

ORDINARY RESOLUTION 2

PROPOSED CONSOLIDATION OF EVERY 20 EXISTING TXB SHARES INTO 1 TXB SHARE ("CONSOLIDATED SHARE(S)") HELD BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED SHARE CONSOLIDATION")

"**THAT** subject to the passing of Ordinary Resolution 1 and the approvals of the relevant authorities and/or parties being obtained (where applicable), approval be and is hereby granted to the Company to consolidate every 20 existing TXB Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board into 1 Consolidated Share and that such Consolidated Shares shall rank pari passu in all respects with one another;

THAT the fractional entitlements for the Consolidated Shares arising from the Proposed Share Consolidation, if any, shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby empowered and authorised with full power to do all such acts, to take all such steps and to execute, enter into, sign and deliver for and on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, to give full effect to and to complete the Proposed Share Consolidation, with full power to assent to and/or accept any conditions, modifications, variations, arrangements and/or amendments as the Board in its absolute discretion may deem fit and/or as may be imposed by any relevant authorities and/or parties in connection with the Proposed Share Consolidation."

ORDINARY RESOLUTION 3

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 251,587,641 NEW TXB SHARES ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 CONSOLIDATED SHARE HELD, TOGETHER WITH UP TO 251,587,641 FREE DETACHABLE WARRANTS IN TXB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE AND AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT**, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, and the approvals of all relevant authorities and/or parties being obtained for the Proposed Rights Issue with Warrants, approval be and is hereby given to the Board to undertake the Proposed Rights Issue with Warrants to provisionally issue and allot by way of renounceable rights issue of up to 251,587,641 Rights Shares together with up to 251,587,641 Warrants to the registered shareholders of the Company whose names

appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitlement Date**"), on the basis of 1 Rights Share for every 1 Consolidated Share held and 1 Warrant for every 1 Rights Share subscribed for on the Entitlement Date and at an issue price to be determined and announced by the Board at a later date;

THAT the Board be and is hereby authorised to allocate the excess Rights Shares with Warrants which are not subscribed or validly subscribed, if any, for excess application, in a fair and equitable manner on a basis to be determined and announced later by the Board;

THAT the fractional entitlements of the Rights Shares and Warrants arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

THAT the Board be and is hereby authorised to enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

THAT all the Rights Shares and the new TXB Shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with each other and with the then existing TXB Shares in issue, save and except that the Rights Shares and the new TXB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new TXB Shares to be issued arising from the exercise of Warrant;

THAT the proceeds from the Proposed Rights Issue with Warrants be utilised for such purposes as set out in the circular to shareholders dated 16 January 2024 and that the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary or expedient, subject to the approval of the relevant authorities (where applicable);

AND THAT the Board be and is hereby empowered and authorised with full power to do all such acts, to take all such steps and to execute, enter into, sign and deliver for and on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, to give full effect to and to complete the Proposed Rights Issue with Warrants, with full power to assent to and/or accept any conditions, modifications, variations, arrangements and/or amendments as the Board in its absolute discretion may deem fit and/or as may be imposed by any relevant authorities and/or parties in connection with the Proposed Rights Issue with Warrants."

**BY ORDER OF THE BOARD OF
TECHNA-X BERHAD**

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)

CHIN MUN YEE (SSM PC NO. 201908002785) (MAICSA 7019243)

Company Secretaries

Kuala Lumpur
16 January 2024

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 2 February 2024 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Company's Registered Office at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. All resolutions set out in this notice of Meeting are to be voted by poll.
6. Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
 - (i) the constitution of the quorum at such meeting;
 - (ii) the validity of anything he did as chairman of such meeting;
 - (iii) the validity of a poll demanded by him at such meeting; or
 - (iv) the validity of the vote exercised by him at such meeting.
7. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data, which may include your name and mailing address, you hereby consent, agree, and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this Meeting and convening the Meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement, and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.



TECHNA-X BERHAD

[Registration No. 200601012477 (732227-T)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.

Number of ordinary shares held

*I / We _____
(FULL NAME IN BLOCK LETTERS)

bearing *NRIC No./ Passport No./ Registration No. _____

of _____
(FULL ADDRESS)

being a *member/members of **TECHNA-X BERHAD** ("the Company"), hereby appoint:-

First Proxy "A"

Full Name (in Block)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

*and/or

Second Proxy "B"

Full Name (in Block)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

100%

to put on a separate sheet where there are more than two (2) proxies

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held at The Pavilion @ Royal Lake Club, Taman Tasik Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Thursday, 8 February 2024 at 10:00 a.m. and any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction for voting is given, the proxy will vote or abstain from voting at *his/her discretion.

SPECIAL RESOLUTION		FOR	AGAINST
1.	Proposed Capital Reduction		
ORDINARY RESOLUTIONS			
1.	Proposed Debt Settlement		
2.	Proposed Share Consolidation		
3.	Proposed Rights Issue with Warrants		

As witness my/our hand(s) this day _____ of _____, 2024.

*Signature/Common Seal of Member

*Strike out whichever not applicable



Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 2 February 2024 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Company's Registered Office at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. All resolutions set out in this notice of Meeting are to be voted by poll.
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 - (i) the constitution of the quorum at such meeting;
 - (ii) the validity of anything he did as chairman of such meeting;
 - (iii) the validity of a poll demanded by him at such meeting; or
 - (iv) the validity of the vote exercised by him at such meeting.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Registrar
TECHNA-X BERHAD
[Registration No. 200601012477 (732227-T)]
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur, Wilayah Persekutuan

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