RADIANT GLOBALTECH BERHAD ("RADIANT GLOBALTECH" OR "THE COMPANY")

(I) PROPOSED ACQUISITION OF 80% EQUITY INTEREST IN GRAND-FLO SPRITVEST SDN BHD ("GF SPRITVEST"), COMPRISING 800,000 ORDINARY SHARES IN GF SPRITVEST CURRENTLY HELD BY GRAND-FLO BERHAD, FOR A TOTAL CASH CONSIDERATION OF RM11.60 MILLION; AND

(II) PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS OF RM11.48 MILLION RAISED FROM RADIANT GLOBALTECH'S INITIAL PUBLIC OFFERING ("IPO") WHICH WAS COMPLETED ON 24 JULY 2018 TO PART-FINANCE THE PROPOSED ACQUISITION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of Radiant Globaltech ("**Board**"), Alliance Investment Bank Berhad ("**AIBB**") wishes to announce that the Company is proposing to undertake the following proposals:

(a) Proposed acquisition by Radiant Globaltech of 800,000 ordinary shares in GF Spritvest ("**GF Spritvest Shares**"), representing 80% of the issued share capital of GF Spritvest, for a cash consideration of RM11.60 million ("**Purchase Consideration**") ("**Proposed Acquisition**"); and

(b) Proposed variation to the utilisation of proceeds of RM11.48 million raised from Radiant Globaltech's IPO ("**IPO Proceeds**") which was completed on 24 July 2018 to part-finance the Proposed Acquisition ("**Proposed Variation**").

The Proposed Acquisition and the Proposed Variation shall hereinafter be collectively referred to as the "**Proposals**".

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

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

2.1.1 Background information on the Proposed Acquisition

The Company had on 10 September 2020, entered into the following:

(i) a conditional share sale agreement with Grand-Flo Berhad ("**GFB**" or "**Vendor**") for the proposed acquisition of 800,000 GF Spritvest Shares, representing 80% of the issued share capital of GF Spritvest, for a cash consideration of RM11,600,000 ("**SSA**"); and

(ii) a shareholders agreement with Jejaka 7 Capital Sdn Bhd ("**Jejaka**"), Cheng Ping Liong ("**CPL**") and GF Spritvest ("**Shareholders Agreement**").

The full payment terms as stipulated in the SSA are as follows:

(a) 10% of the Purchase Consideration, which is equivalent to RM1.16 million, upon the signing of the SSA;

(b) 40% of the Purchase Consideration, which is equivalent to RM4.64 million, upon completion of the SSA;

(c) 25% of the Purchase Consideration, which is equivalent to RM2.90 million, within 2 months after the completion of the SSA; and

(d) 25% of the Purchase Consideration, which is equivalent to RM2.90 million, within 4 months after the completion of the SSA.

On even date, the Vendor also entered into another conditional share sale agreement with Jejaka for the disposal of the remaining 20% equity interest in GF Spritvest ("**Jejaka's Acquisition"**).

Additionally, on 10 September 2020, GF Spritvest entered into a service agreement with Cheng Ping Liong ("**CPL**") ("**Service Agreement**"), where CPL will continue to serve as a Director and Chief Executive Officer ("**CEO**") of GF Spritvest after the completion of the Proposed Acquisition.

The breakdown of the GF Spritvest Shares to be acquired by Radiant Globaltech and Jejaka as well as the corresponding cash consideration are set out below:

Name of acquirer	**No. of GF Spritvest Shares to be acquired**	**As a % of GF Spritvest's issued share capital**	**Purchase consideration (RM)**
Radiant Globaltech	800,000	80%	11,600,000
Jejaka	200,000	20%	2,900,000
Total	**1,000,000**	**100%**	**14,500,000**

<u>Guaranteed Profits</u>

CPL, who currently holds 55% equity interest in Jejaka ("**Jejaka Shares**"), irrevocably and unconditionally guarantees to Radiant Globaltech a minimum profitability of GF Spritvest as set out in Column 2 of the table below for the financial periods as set out in Column 1 below ("**Guaranteed Profit**").

Column 1	**Column 2**
Cumulative guaranteed profit after tax for the period commencing from the completion date of the SSA up to the financial year ended ("**FYE**") 31 December 2022 ("**Cumulative PAT**")	Minimum profit after tax of RM3,200,000.00 only

In the event the Cumulative PAT of GF Spritvest shall be less than the Guaranteed Profit (any amount of such shortfall in the Cumulative PAT shall hereinafter be referred to as the "**Profit Shortfall**"), then in such an event, CPL shall make good the Profit Shortfall by paying Radiant Globaltech the Profit Shortfall in cash within 90 days from the date of the audited accounts of GF Spritvest for FYE 2022.

As security for the due performance of CPL's obligations mentioned above, CPL agrees to pledge to Radiant Globaltech all present and future rights, title and interest in and to the Jejaka Shares.

Please refer to Section 2.1.4 of this Announcement for the profile of CPL.

Please refer to Appendix I and Appendix II of this Announcement for the salient terms of the SSA and Shareholders Agreement, respectively.

2.1.2 Information on GF Spritvest

GF Spritvest was incorporated in Malaysia under the Companies Act 1965 and is deemed registered under the Companies Act 2016 ("**Act**") on 26 June 1995 as a private limited company under the name of Spritvest Sdn Bhd. It subsequently assumed its present name on 19 March 2009.

As at 9 September 2020, being the latest practicable date ("**LPD**") prior to this announcement, the issued share capital of GF Spritvest is RM1,000,000 comprising 1,000,000 GF Spritvest Shares. GF Spritvest is a wholly-owned subsidiary of GFB.

GF Spritvest is principally engaged in the provision of information technology solutions ("**IT Solutions**") and is mainly a provider of total Electronic Data Capture and Collation ("**EDCC**") solutions focusing on the supply, installation and integration of EDCC hardware and devices, software, technical support and maintenance services. Its core revenue streams are derived from the following business activities:

(i) Supply, installation and integration of EDCC hardware and devices, which include barcode readers or scanners, barcode printers, card printers, mobile computers, and wireless and networking devices;

(ii) Distribution and integration of both proprietary (i.e. in-house developed) and third-party software. Its in-house developed software includes ManageAsset, ManageSales, ManageWare and SmartApps and can be customised and configured according to its clients' operational needs. GF Spritvest also distributes third-party software, where it is responsible for the installation of the software. GF Spritvest's proprietary and third-party software can be integrated with external systems such as ERP systems; and

(iii) Maintenance and technical support relating to EDCC hardware and devices, and software. GF Spritvest also offers 24/7 customer helpdesk services to its customers.

GF Spritvest's principal market is Malaysia with its customers ranging from companies in FMCG, electronics industries and government-linked companies. GF Spritvest's revenue for the past three (3) FYE 2017 up to the FYE 2019 were mainly generated from the domestic market.

Please refer to Appendix III of this announcement for further details of GF Spritvest.

2.1.3 Information on the Vendor

GFB was incorporated in Malaysia under the Companies Act 1965 and is deemed registered under the Act on 26 February 2003 as a private limited company under the name of Excellent Breakthrough Sdn Bhd. It subsequently assumed its present name on 2 July 2013. GFB is a public company listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). As at 30 July 2020, the issued share capital of GFB is RM74,694,869 comprising 530,157,482 GFB shares.

GFB commenced its operations in 2003. GFB is principally involved in the provision of technology solutions, namely in the supply and installation of comprehensive EDCC solutions and hardware, integration of computer system and investment holding. Through its subsidiaries, it is also involved in the provision of general contractor services of renovation works and property development.

The substantial shareholders and directors of GFB are as follows as at 4 August 2020:

	<------Direct------>		**<------Indirect------>**	
	No. of GFB Shares	**%**	**No. of GFB Shares**	**%**
Substantial Shareholders				
YBG Yap Consolidated Sdn Bhd	342,533,726	64.77	-	-
PLNC Holdings Sdn Bhd	-	-	342,533,726	64.77*
JYF Capital Sdn Bhd	-	-	342,533,726	64.77*
Dato' Sri Yap Ngan Choy	-	-	342,533,726	64.77**
Dato' Yap Fook Choy	-	-	342,533,726	64.77^
Directors				
Dato' Sri Yap Ngan Choy	-	-	342,533,726	64.77**
Dato' Yap Fook Choy	-	-	342,533,726	64.77^
Allen Yap Kuan Kee	-	-	-	-
Cheong Kee Yoong	-	-	-	-
Sae-Yap Atthakovit	-	-	-	-
Yap Chun Theng	-	-	-	-

Notes:

* *Deemed interested by virtue of its interest held in YBG Yap Consolidated Sdn Bhd pursuant to Section 8 of the Act.*

** *Deemed interested by virtue of his shareholdings in PLNC Holdings Sdn. Bhd. pursuant to Section 8 of the Act.*

^ *Deemed interested by virtue of his shareholdings in JYF Capital Sdn. Bhd. pursuant to Section 8 of the Act.*

2.1.4 Information on Jejaka

Jejaka was incorporated in Malaysia under the Act on 17 July 2020. As at the LPD, the issued share capital of Jejaka is RM1,000 comprising 1,000 Jejaka shares.

Jejaka is principally an investment holding company.

The details of the directors and shareholders of Jejaka as at the LPD are as follows:

		Shareholdings	
	Nationality	No. of Jejaka shares	%
Director and shareholder			
CPL	Malaysian	550	55.00
Yang Siew Wai	Malaysian	50	5.00
Shareholder			
Tan Bak Leng	Malaysian	50	5.00
Gan Piak Sim	Malaysian	50	5.00
Mark Chan Chun Jet	Malaysian	50	5.00
Tan Gim Ling	Malaysian	50	5.00
Au Sheau Yen	Malaysian	50	5.00
Ng Joo Heng	Malaysian	50	5.00
Ong Wei Leng	Malaysian	50	5.00
Sharifah Nazhatul Shaiha binti Said Zubir	Malaysian	50	5.00

Upon the completion of the Proposed Acquisition and the Jejaka's Acquisition, Jejaka will hold 20% equity interest in GF Spritvest.

<u>Profile of CPL</u>

CPL, aged 55, is a Malaysian and is currently a Director and the CEO of GF Spritvest. He graduated with a Bachelor of Business Administration in Finance from the University of Iowa, USA in 1988. His first employment was with RES Malaysia Sdn Bhd where he held the position of Trainee Programmer from 1989 to 1990. In 1990, he was promoted to the position of an Analyst Programmer and this was followed by his ascension to the position of System Analyst in 1991. During the years 1992 to 1995, he took on the role of a Technical Manager in RES Malaysia Sdn Bhd. He, together with a partner, founded GF Spirtvest in 1995. He spearheads GF Spritvest's research and development initiatives and plays a pivotal role in the conceptualisation of EDCC solutions. He is actively involved in the formation of strategic alliances with business and technology partners for the company as well as formulating the company's sales strategies. Upon the completion of the Proposed Acquisition and Jejaka's Acquisition, CPL will continue to serve as a Director and the CEO of GF Spritvest.

2.1.5 Basis and justification in arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis based on the PE Multiple of 8.95 times based on the latest audited PAT of GF Spritvest for the FYE 2019 of RM1.62 million, as well as the cumulative Guaranteed Profits of RM3.20 million for the period commencing from the completion date of the Proposed Acquisition up to the FYE 31 December 2022.

PE Multiple is a valuation metric used in valuing a company by measuring its current share price relative to its Earnings Per Share ("**EPS**"). PE Multiple indicates the dollar amount an investor can expect to invest in a company in order to receive a dollar of that company's earnings. The PE Multiple of the comparable companies was used to gauge the company's value relative to its peers.

The Board is of the view that the PE Multiple is considered a suitable reference in arriving at the Purchase Consideration due to the following reasons:

(i) earnings are considered a key determinant of the value of GF Spritvest;

(ii) GF Spritvest has been operating in the same business since its incorporation. It has been operating profitably in the past three (3) FYE 2017 to FYE 2019, with a PAT of approximately RM1.62 million in the latest audited FYE 2019; and

(iii) GF Spritvest is not an asset based company and its assets essentially consist of trade receivables and inventories in which GF Spritvest's business relies mainly on its hardware / software solutions, coupled with the expertise of its directors and key management.

In justifying the Purchase Consideration, the Board has taken into consideration the comparable companies listed on Bursa Securities which are primarily involved in the provision of IT solutions for various industries with a market capitalisation of less than RM350 million but not directly comparable with GF Spritvest due to, among others, composition and geographical coverage of business activities, scale of operations, reputation, profit track record, financial strength, risk profile, asset base and future prospects ("**Comparable Companies**").

The principal activities and the PE Multiple of the Comparable Companies are as follows:

Comparable Companies	**Principal activities**	**Closing share price as at the LPD (RM)**	**Latest audited Earnings per share (RM) (sen)**	**(1)PE Multiple (times)**
Microlink Solutions Berhad	Provision of research and development on information technology solutions to the financial services industry	1.58	6.01	26.29
Omesti Berhad	Provision of application software, system integration services and the provision of hardware and software maintenance services, as well as tele/data communication, networking solutions and related services	0.545	4.98	10.94
Radiant Globaltech	Provision of retail technology solutions, provision of maintenance and technical support services, and investment holding	0.345	1.07	32.24
Rexit Berhad	Provides information technology solutions and related services which includes hardware sales and software-based activities	0.67	4.00	16.75
Willowglen MSC Berhad	Research, design, development, engineering, supply, sale, implementation of computer-based control systems and integrated monitoring system	0.435	3.06	14.22
Average PE Multiple (times)				20.09

(Source: Latest annual reports of the respective Comparable Companies and Bloomberg)

Note:

(1) PE Multiple is computed based on the closing share price of the Comparable Companies as at the LPD and the earnings per share of the Comparable Companies based on the latest audited financial statements of the Comparable Companies.

The PE Multiple of 8.95 times is below the average PE Multiple of Comparable Companies of 20.09 times.

The Board is of the view that the Purchase Consideration is justifiable and is of the opinion that the Guaranteed Profits is reasonable and realistic, after taking into consideration, among others, the following:

(i) the prospects of the GF Spritvest and the potential synergistic benefits to be derived from the Proposed Acquisition as set out in Section 3.1; and

(ii) the proprietary software and existing customer portfolio of GF Spritvest which comprises companies in FMCG, electronics industries and government-linked companies.

2.1.6 Source of funding

The Purchase Consideration shall be fully satisfied in cash, which shall be financed partly by the unutilised IPO proceeds of RM11.48 million raised from Radiant Globaltech's IPO pursuant to the Proposed Variation as detailed in Section 2.2 of this announcement and the remaining RM0.12 million will be financed through internally generated funds and/or bank borrowings.

In the event that the Proposed Variation is not approved the by the shareholders of Radiant Globaltech at an extraordinary general meeting ("**EGM**") to be convened, the Proposed Acquisition will be financed by internally generated funds and/or bank borrowings.

2.1.7 Liabilities to be assumed by Radiant Globaltech

Radiant Globaltech and Jejaka will be assuming the corporate guarantee and indemnities which were given by GFB to certain financial institutions in respect of borrowings granted to GF Spritvest on or before the completion of the Proposed Acquisition, where Radiant Globaltech and Jejaka will be providing the corporate guarantee and indemnities in place of GFB subject to the consent of the financial institutions. As at the LPD, these corporate guarantee and indemnities given by GFB amounted to RM6.90 million.

Save as disclosed above, Radiant Globaltech will not assume any liabilities, including contingent liabilities and guarantees, pursuant to the Proposed Acquisition. The existing liabilities of GF Spritvest will be settled by GF Spritvest in its ordinary course of business.

2.1.8 Additional financial commitment required

Saved as disclosed in Section 2.1.7 above, there are no additional financial commitments to be incurred by Radiant Globaltech in putting the businesses of GF Spritvest on-stream pursuant to the Proposed Acquisition.

2.2 Proposed Variation

On 24 July 2020, the Company had announced an extension of time for the utilisation of IPO Proceeds. As at the date of this announcement, the Company has utilised approximately RM17.97 million of the total IPO Proceeds. The Company has yet to utilise some of the IPO Proceeds allocated for the intended purposes specified below:

Purposes	**Proposed Utilisation** **(A)** **RM'000**	**Actual Utilisation** **(B)** **RM'000**	**Proposed Variation** **(B)–(A) = (C)** **RM'000**	**Timeframe for utilisation (Note 2)**
Business and capital expansion (Note 1)	11,600	1,742	(9,858)	Within 36 months from the listing date on 24 July 2018 ("**Listing Date**")
Working capital	4,757	4,757	-	Within 36 months from the Listing Date
Expansion of retail software business (Note 1)	3,000	1,374	(1,626)	Within 36 months from the Listing Date
Repayment of bank borrowings	6,601	6,601	-	Within 6 months from the Listing Date
Estimated listing expenses	3,500	3,500	-	Within 3 months from the Listing Date
Total	**29,458**	**17,974**	**(11,484)**	
Proposed Acquisition (Note 1)	**-**	**-**	**11,484**	**Within 4 months from the completion of the SSA**

Note:

(1) As disclosed in the listing prospectus pursuant to Radiant Globaltech's IPO, the unutilised IPO Proceeds of RM9.86 million were intended to be used for business and capital expansion such as acquisition of new office units, rental of warehouse and purchase of computer equipment, as well as RM1.63 million for the expansion of retail software business such as advertising and marketing costs.

As such, the Variation of the total RM11.48 million is intended to be used to part-finance the Proposed Acquisition. In addition, the Company intends to vary the utilisation timeframe for the aforementioned RM11.48 million. The amount is expected to be fully utilised within 4 months from the completion of the SSA pursuant to the payment schedule stipulated on the SSA.

*The unutilised IPO Proceeds of RM11.48 million represents 38.98% of the total IPO Proceeds. In accordance with Rule 8.24(2)(a) of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the Proposed Variation is deemed a material change to the use of the IPO Proceeds.*

Accordingly, the approval of the shareholders of Radiant Globaltech for the Proposed Variation is required to be obtained.

(2) Save for the Proposed Variation, there are no changes to the timeframe for utilisation as per the Company's announcement on 24 July 2020 on the extension of timeframe for the use of IPO proceeds.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Acquisition

Premised on its reliance on retail technology solutions, Radiant Globaltech and its subsidiaries (the "**Group**" or "**Radiant Globaltech Group**") are actively looking for avenues to strengthen its earnings and sustain its long term growth. GF Spritvest provides similar solutions to customers as compared to the Group, and also caters to other industries including companies in FMCG, electronics industries and government-linked companies.

The Proposed Acquisition will also enable the Group to extend its range of products and services, and provide an additional income stream to the Group. Potential synergies can be tapped by leveraging on each other's existing customer base and hardware / software solutions. The proprietary rights to GF Spritvest in-house developed software such as ManageAsset, ManageSales, ManageWare and SmartApps will be part of the Radiant Globaltech Group upon the completion of the Proposed Acquisition. This will strengthen the business proposition of the Group by providing one stop solutions to meet the requirements of the customers and put the Group in a better position to compete with its competitors in the market. Furthermore, such synergistic relationship is expected as the retail technology solutions currently offered by the Group are complementary to the EDCC solutions offered by GF Spritvest.

Upon completion of the Proposed Acquisition, the assets of and the profits to be generated by GF Spritvest will be consolidated into the Group. Given the established business and positive historical financial performance of GF Spritvest, the Board expects that the Proposed Acquisition will contribute positively to the future earnings of the Group.

Lastly, upon the completion of the Proposed Acquisition, Radiant Globaltech aims to be one of the market leaders in the provision of total retail technology and EDCC solutions in Malaysia.

3.2 Proposed Variation

The Proposed Variation is intended to part-finance the Proposed Acquisition for an amount of RM11.48 million. The Proposed Variation is undertaken for business and capital expansion purposes. The Board is of the opinion that the Proposed Acquisition is consistent with the future plans of the Group, especially in growing its Malaysia operations and expanding its hardware / software business segment.

After considering various options available, the Proposed Acquisition and Proposed Variation provide the Group with a fast-track solution to achieve its future plans as GF Spritvest is an established company with proprietary software, reputable customers as well as technically sound employees, and is expected to contribute to the Group immediately upon the completion of the Proposed Acquisition and Proposed Variation.

4. RISK FACTORS

The Proposed Variation does not pose any material risks to the Group.

The Proposed Acquisition will not materially change the risk profile of the business of the Radiant Globaltech Group. While the Company and GF Spritvest may serve customers from different sectors, they are still operating within the same EDCC industry which is under the information and communications technology ("**ICT**") industry. As such, the Radiant Globaltech Group will be exposed to similar business, operational and financial risks inherent in the industry upon completion of the Proposed Acquisition. These risks include but are not limited to, competition from other EDCC service providers, adverse changes in political and economic conditions, changes in local authorities' policies and directives, technological obsolescences, operational risks, and credit risks.

In addition to the risks above, Radiant Globaltech wishes to highlight certain specific risks, which may not be exhaustive, associated with the Proposed Acquisition as follows:

4.1 Non-completion risk

The completion of the Proposed Acquisition is conditional upon fulfillment of the conditions precedent to the SSA. There is a possibility that the Proposed Acquisition cannot be fulfilled or completed within the time period permitted under the SSA due to the failure in fulfilling the conditions precedent as set out therein. In the event that the conditions precedent are not fulfilled within the stipulated time period or in the event any approvals required under the SSA shall contain terms which are not acceptable to the parties to the SSA, the completion of the Proposed Acquisition may be affected.

In this regard, the Board shall take reasonable steps to ensure that there is no delay in fulfilling all the conditions precedent to the SSA by the parties concerned and should there be any delay beyond the agreed time period, the Board shall negotiate with the relevant parties to the SSA to mutually extend the said period prior to its expiry.

4.2 Competition

GF Spritvest faces competition from local competitors which may be capable of offering similar types of hardware / software solutions and maintenance services. These competitors may compete in terms of pricing, hardware / software solutions offered and service quality. Stiff competition and an overall decline in the demand for GF Spritvest's hardware / software solutions and maintenance services may exert a downward pressure on the prices and profit margins of GF Spritvest's hardware / software solutions and maintenance services.

Nevertheless, the Board believes that the Group would be able to integrate its existing business operations with those of GF Spritvest to gain synergies for the enlarged Group, which will in turn enhance the operating and financial performance of the Group. The Group also believes that with GF Spritvest's core expertise and track record in information technology solutions specialising in automated data collection processes and mobile computing coupled with the experience of Radiant Globaltech's key management in running the existing Group, the Group would be able to withstand market competition faced by GF Spritvest through long-term technological enhancement of GF Spritvest's solutions.

4.3 Absence of long-term contract

GF Spritvest does not have any long-term contracts with its customers due to the nature of its business. However, GF Spritvest has a long and established track record with its major customers. Furthermore, GF Spritvest received repeated orders from these customers. However, no assurance can be given that such relationship with customers will ensure business continuity and growth to GF Spritvest in the future.

4.4 Dependence on key management of GF Spritvest

The business and financial performance of GF Spritvest is to a certain extent dependent on the continued efforts of its key management who are directly responsible for the strategic direction, leadership, business planning and development, and management of its business operations. The loss of any of such key management personnel, and subsequent inability to recruit suitable replacement personnel in a timely manner, may adversely affect the business operations and financial performance of GF Spritvest as well as its continuing ability to compete effectively in the industry.

The Group had on 10 September 2020 entered into a service agreement with CPL, where CPL will continue his employment in GF Spritvest after the completion of the Proposed Acquisition. The management of Radiant Globaltech endeavours to work closely with the key management of GF Spritvest to ensure their active participation in the Group’s future business planning in order for the management of Radiant Globaltech to effectively communicate its expectations on GF Spritvest to its key management, and vice versa.

In addition, 20% equity interest in GF Spritvest will be acquired by Jejaka, of which 55% of Jejaka’s equity interest is held by CPL, who is the current CEO of GF Spritvest, in conjunction with the Proposed Acquisition.

The Board recognises the importance to retain the key management of GF Spritvest upon completion of the Proposed Acquisition and have in place a human resource strategy, which includes maintaining a competitive remuneration package and providing opportunities for career development for its employees. Nonetheless, there can be no assurance that the Group will be able to recruit, develop and retain adequate number of skilled and motivated employees for GF Spritvest upon completion of the Proposed Acquisition.

4.5 Political, economic and regulatory considerations

As with any type of businesses, information technology businesses are also linked to the economic fundamentals and political stability in the country. Any adverse development and uncertainties in the political, economic and regulatory environment could negatively affect the operation and performance of GF Spritvest. These include but not limited to the risk of war, terrorist attacks, riots, changes in political leadership, global economic downturn, epidemic and unfavourable changes in the governmental policies such as changes in the methods of taxation, interest rates, licensing or introduction of new regulations.

Although the Group will seek to mitigate such risks through implementing prudent management policies, careful planning and allocation of resources as well as maintaining cordial relationship with the relevant authorities, there can be no assurance that any changes to the political and/or economic environment will not materially and adversely affect the financial performance and business operations of the Group upon completion of the Proposed Acquisition.

4.6 Impairment risk

The Purchase Consideration may give rise to the recognition of goodwill, being the difference between the Purchase Consideration and the fair value of the identifiable assets and liabilities of GF Spritvest. The amount of goodwill that may arise will be accounted for in the financial statements of the enlarged Radiant Globaltech Group upon completion of the Proposed Acquisition. The goodwill, if any, will be subjected to periodic impairment testing and any downward adjustment to the goodwill will affect the financial position and results of the enlarged Radiant Globaltech Group.

4.7 Covid-19 pandemic

On 16 March 2020, the Government announced the imposition of the MCO to curb the spread of Covid-19 outbreak in Malaysia which took effect from 18 March 2020 to 3 May 2020, which required all government and private premises except those involved in providing essential services to be closed during the period of enforcement of MCO.

During the MCO period, GF Spritvest was able to continue its operations partially as its employees were mostly under work from home arrangement. The restriction in movement has dampened the sales for GF Spritvest for the 6-month financial period ending 30 June 2020.

On 10 May 2020, the Government further announced that the conditional MCO will be extended for another four weeks until 9 June 2020. Subsequent to 9 June 2020, the Government has imposed the RMCO from 10 June 2020 until 31 August 2020, which is further extended to 31 December 2020.

The Group business is susceptible to any outbreak of diseases or pandemics, such as Covid-19, to certain extent that it causes interruptions to the business operations including supply chain and logistic. These interruptions, if prolonged, will adversely affect the Group's business operations and financial performance. Similarly, any global or regional economic downturn would also affect overall business and consumer sentiments which would subsequently affect the financial performance of the Group.

There is no assurance that any outbreak of diseases which are beyond the Group's control, will not materially affect the financial performance of the Group.

5. INDUSTRY OUTLOOK AND PROSPECTS

5.1 Outlook

5.1.1 Overview and outlook of Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order (MCO), followed by the Conditional and Recovery MCO, during 2Q 2020. The services sector contracted by 16.2% (1Q 2020: 3.1%). The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to Conditional MCO (CMCO) in May and Recovery MCO (RMCO) in June provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant declines in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors.

Meanwhile, growth in the information and communication sub-sector was relatively sustained by the continued high demand for data communication services especially during this period of remote working.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter.

Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

The COVID-19 pandemic and the ensuing unprecedented containment measures have brought about significant changes to the way the economy operates. Beyond the near-term impact, there are also channels that would lead to structural implications on inflation dynamics in the longer term. As we transition into a new normal, however, there remains a significant amount of uncertainty surrounding the future assessment of inflation and growth trajectories – a common sentiment across countries. While the situation has begun to stabilise, it is certain that we are not in the clear yet and thus greater vigilance is necessary as we continue to assess any changes in inflation dynamics.

Economic activity has resumed since the economy began to reopen in early May 2020. Consequently, growth is expected to have troughed in the second quarter of 2020, with a gradual recovery in the second half. This outlook is underpinned by the rebound of key indicators such as wholesale and retail trade, industrial production, gross exports, and electricity generation.

In second half (2H) 2020, average headline inflation is expected to remain negative largely due to low retail fuel prices. Stimulus measures to alleviate cost burdens, such as the tiered electricity tariff rebate, would also keep inflation low. However, headline inflation is projected to decline by a smaller magnitude compared to 2Q 2020 as global oil prices continue to recover and economic conditions gradually improve.

The Malaysian inflation rate for 2019 was 0.7%.

Meanwhile, headline inflation is likely to be negative for 2020, averaging within Bank Negara Malaysia's earlier projection of -1.5% to 0.5%.

For 2021, headline inflation is forecasted to average higher between 1% and 3%, in line with the longer term historical average. This mainly reflects the expected recovery in global oil prices and improvement in domestic demand conditions.

(Sources: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia; The World Bank Group, https://www.data.worldbank.org/; and Press article entitled "BNM revises 2020 GDP forecast to between -3.5% and -5.5% amid unprecedented MCO length", 14 August 2020, https://www.theedgemarkets.com/)

5.1.2 ICT industry overview and outlook

Investments in high value added areas such as advanced materials, optics and photonics, petrochemicals and pharmaceuticals are projected to attract more investors. Meanwhile, in the services sector, investment will focus on regional establishments, health tourism, healthcare, ICT services and green technology.

The 5G technology will create a competitive market for home broadband services as well as increase the coverage and network quality. This will strengthen Malaysia's capacity to participate in the IR 4.0, allowing the industry to fully utilise artificial intelligence, robotics, virtual reality, big data analytics, internet of things and software engineering, leading to higher digital adoption.

The digital transformation agenda for Malaysia continues to be a major catalytic driver for the nation's economy. It should be noted that that Budget 2020 includes proposals, which will further accelerate Malaysia's rapidly-maturing digital economy. The allocation of RM70 million is to build 14 one-stop Digital Enhancement Centres (DEC). This initiative will strengthen the nation's position as the region's tech and digital hub, as it will facilitate access to financing and capacity building for businesses, specifically small- and medium-sized enterprises (SMEs).

Malaysia is poised to be a digital-first economy with a robust digital and social infrastructure that works towards bridging the opportunity to become a high-income nation.

The measures for high speed and quality digital connectivity nationwide, and efforts towards more pioneer digital projects would allow Malaysian businesses to ride the global 5G wave. By accelerating deployment of new digital infrastructure for public buildings, pilot projects on digital applications and encouraging digital payment and e-wallet adoption, the government is reinforcing its commitment to building a strong momentum for the digital economy.

(Sources: Economic Outlook 2020; and Press article "2020 Budget; A boost Malaysias tech industry", 14 October 2019, https://www.nst.com.my/)

5.2 Prospects of GF Spritvest

GF Spritvest has an established track record and reputation in the EDCC industry as it has been in operations since 1995. GF Spritvest also has its own proprietary software solutions which are developed in-house. This in-house capability provides GF Spritvest with the ability to customise solutions and to continuously stay abreast with the latest technological advancement in order to meet the latest market needs. Lastly, GF Spritvest provides both hardware / software solutions for the EDCC landscape and as such, it is positioned as a one stop, total EDCC solutions provider.

The Group will be able to leverage on the proprietary rights of GF Spritvest's in-house developed software such as ManageAsset, ManageSales, ManageWare and SmartApps by offering the said solutions to the existing customers of the Group in the local and overseas markets after the Proposed Acquisition.

The prospects of GF Spritvest and the enlarged Group will be further strengthened by the potential synergies it can offer by cross selling its hardware / software solutions with that of the Group's after the Proposed Acquisition.

In view of the strengths of GF Spritvest above, the enlarged Group would also benefit from greater economies of scale such as better negotiating power with suppliers through bulk purchases, as well as expansion to the overseas markets. These will enable the enlarged Group to expand its business and operations which will contribute positively to the future financial performance of our enlarged Group.

(Source: The management of Radiant Globaltech)

6. EFFECTS OF THE PROPOSALS

The Proposed Variation is not expected to have any effects on the issued share capital, substantial shareholders' shareholdings, consolidated net assets ("**NA**") per share, consolidated gearing, consolidated earnings and EPS of Radiant Globaltech.

The Proposed Acquisition is not expected to have any effects on the issued share capital and substantial shareholders' shareholdings of Radiant Globaltech as no new ordinary shares of Radiant Globaltech ("**Radiant Globaltech Shares**") will be issued pursuant thereto. The effects of the Proposed Acquisition on the consolidated NA per share, consolidated gearing, consolidated earnings and EPS of Radiant Globaltech are as follows:

6.1 NA and gearing

The proforma effects of the Proposed Acquisition on the consolidated gearing of Radiant Globaltech and NA per Radiant Globaltech Share based on the audited consolidated financial statements of Radiant Globaltech for the FYE 2019 assuming that the Proposed Acquisition had been effected on 31 December 2019 are as follows:

	Audited as at 31 December 2019 (RM'000)	**After the Proposed Acquisition (RM'000)**
Share capital	48,153	48,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(245)	(245)
Retained profits	29,454	29,174 [(1)]
Equity attributable to owners of the Company / NA	**63,681**	**63,401** [(2)]
No. of shares ('000)	525,200	525,200
NA per share (RM)	0.12	0.12
Borrowings (RM'000)	2,233	3,944 [(3)]
Gearing (times)	0.04	0.06

Notes:

(1) After taking into consideration the estimated expenses in relation to the Proposals of RM0.28 million.

(2) After adjusting for the estimated goodwill of approximately RM6.41 million based on the Purchase Consideration of RM11.60 million after netting off RM5.19 million, representing 80% of the audited NA for the FYE 2019 of GF Spritvest of RM6.49 million.

(3) Comprising lease liabilities and bank borrowings.

As discussed in Section 4.6 of this Announcement, impairment risk could arise from the goodwill that may be accounted when the Proposed Acquisition is completed. Hence, the pro forma effect above does not take into consideration any potential impairment of goodwill as the Proposed Acquisition is not completed yet.

The goodwill, if any, will be subjected to periodic impairment testing and any downward adjustment to the goodwill will affect the financial position and results of the enlarged Radiant Globaltech Group, the effect of which could not be determined at this juncture.

6.2 Earnings and EPS

The Proposals will not have any immediate effect on the consolidated earnings and EPS of the Radiant Globaltech Group for the FYE 2020. However, the Proposed Acquisition is expected to contribute positively to the future earnings of the Radiant Globaltech Group.

7. APPROVALS REQUIRED

The Proposals are subject to the approvals being obtained from the following:

(a) the shareholders of Radiant Globaltech at an EGM to be convened for the Proposals;

(b) the shareholders of GFB at an EGM to be convened to its proposed disposal of GF Spritvest; and

(c) any other relevant parties/authorities (if applicable).

8. CONDITIONALITY

The Proposed Variation is conditional upon the Proposed Acquisition.

The Proposed Acquisition is inter-conditional upon the completion of Jejaka's Acquisition.

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

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is 28.38% calculated based on the total assets of GF Spritvest compared with the total assets of Radiant Globaltech Group as at 31 December 2019.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors, major shareholders and/or persons connected with the Directors and major shareholders of Radiant Globaltech has any interest, direct or indirect, in the Proposals.

11. ADVISER

AIBB has been appointed as the Principal Adviser to the Company for the Proposals.

12. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and financial effects of the Proposals, terms of the SSA and Shareholders Agreement and risks associated with the Proposed Acquisition, is of the opinion that the Proposals are in the best interest of the Company.

13. ESTIMATED TIMEFRAME FOR SUBMISSION OF THE APPLICATION TO THE RELEVANT AUTHORITIES AND COMPLETION

The draft circular in relation to the Proposals are expected to be submitted to Bursa Securities for its perusal within two (2) months from the date of this announcement.

Barring any unforeseen circumstances, the Proposals are expected to be completed by the fourth (4^{th}) quarter of 2020.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The SSA and Shareholders Agreement dated 10 September 2020 are available for inspection at the registered office of Radiant Globaltech at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 10 September 2020.

SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

Radiant Globaltech Berhad ("**Purchaser**") had on 10 September 2020 entered into a share sale agreement ("**SSA**") with Grand-Flo Berhad ("**Vendor**") for the proposed acquisition of 800,000 ordinary shares representing 80% of the issued share capital of Grand-Flo Spritvest Sdn Bhd ("**GF Spritvest**") ("**Sale Shares**"), for a cash consideration of RM11,600,000 ("**Purchase Consideration**").

Inter-Conditionality	The completion of the sale and purchase of the Sale Shares is inter-conditional upon the completion of the Proposed Disposal (as defined below) and vice versa.
Conditions Precedent	The obligations of the Purchaser and the Vendor that are set out in the SSA are conditional upon the following being fulfilled, obtained or waived within 90 days from the date of the SSA ("**Conditional Period**"): (a) the Vendor having obtained the approval of the Vendor's shareholders at an extraordinary general meeting ("**EGM**") for the disposal by the Vendor of the Sale Shares and the proposed disposal of 20% of the issued share capital of GF Spritvest held by the Vendor to Jejaka 7 Capital Sdn Bhd ("**Proposed Disposal**"); (b) the Purchaser having obtained the approval of the Purchaser's shareholders at an EGM for the purchase of the Sale Shares; (c) the Vendor to procure, the approval of GF Spritvest's board of directors for the transfer of the Sale Shares to the Purchaser and/or its nominee(s) and the entry into the register of members of GF Spritvest, the name of the Purchaser and/or its nominee(s), as holder of the Sale Shares; (d) the Vendor having obtained, if required, the written consent from financiers/ creditors of GF Spritvest for the sale and transfer of the Sale Shares to the Purchaser and the consequent change of shareholder in GF Spritvest and the release of any guarantees provided by the Vendor and the existing directors of GF Spritvest for the benefit of GF Spritvest; (e) all the conditions precedent in respect of the Proposed Disposal have been duly fulfilled, obtained or waived; and (f) the Purchaser having completed the audits, due diligence reviews and other inquiries and investigations into the business, matters and affairs of GF Spritvest and all the due diligence irregularities having been rectified by the Vendor to the Purchaser's satisfaction.
Due Diligence	In the event that any due diligence irregularities which would have a material and adverse impact on the business of the Company or its assets are unable to be rectified within the Conditional Period, the Purchaser shall grant the Vendor an extension of time to rectify such irregularities and proceed to Completion subject to the Vendor agreeing to pay and indemnify fully, hold harmless and defend the Purchaser from and against any and all of the deficiencies, losses, costs, expenses, damages, consequence and third party claim for damages suffered directly or indirectly by the Purchaser in connection with and/or arising from the Vendor not being able to rectify such due diligence irregularities.
Unconditional Date	The date on which all the Conditions Precedent are fulfilled, obtained or waived.
Completion	Completion shall take place on the completion date, which is the business day falling 14 days after the Unconditional Date ("**Completion Date**"). The Completion shall take place simultaneously with the completion of the Proposed Disposal on the Completion Date.

SALIENT TERMS OF THE SSA *(Cont'd)*

<table>
<tr><td>Method of Payment</td><td>(a) upon signing of the SSA, the Purchaser shall pay RM1,160,000.00 only to the Vendor ("Tranche 1");

(b) subject to the fulfilment by the Vendor of its obligations stipulated in the SSA, on the Completion Date, the Purchaser shall pay RM4,640,000.00 only to the Vendor;

(c) subject to Completion having occurred, the Purchaser shall pay the RM2,900,000.00 only to the Vendor within 2 months after the Completion Date; and

(d) The Purchaser shall pay the balance which amounts to RM2,900,000.00 only to the Vendor within 4 months after the Completion Date.</td></tr>
<tr><td>Vendor's Advances</td><td>(a) The Parties agree that the Vendor and its related parties and persons connected with them (collectively, the "Related Parties") have, prior to the date of the SSA, extended loans and advances to the Company which in aggregate amount to <u>RM2,445,926.69</u> as at the date of the SSA ("Vendor's Advances").

(b) The Parties agree that all such Vendor's Advances shall be settled and repaid by the Company to the Vendor and/or its Related Parties in the following manner:

<table>
<tr><th></th><th>Amount of Vendor's Advances</th></tr>
<tr><td>On or before the Completion Date</td><td>A sum not less than RM400,000.00 only</td></tr>
<tr><td>Within 12 months from the date of the SSA</td><td>The remaining sum of the Vendor's Advances which is approximately RM2,045,926.69 only</td></tr>
<tr><td>Total</td><td>RM2,445,926.69 only</td></tr>
</table>
</td></tr>
<tr><td>Subsistence of Warranties</td><td>The warranties given under the SSA shall continue to subsist notwithstanding the Completion for a period of 24 months from the Completion Date.</td></tr>
<tr><td>Termination</td><td>(a) Vendor's right to terminate

In the event that the Purchaser fails to pay the Purchase Consideration or shall fail to comply with any of the terms and conditions of the SSA, and if capable of remedy, is not remedied within 14 days of it being given notice to do so by the Vendor, the Vendor may, at any time prior to the Completion Date, give a notice of termination to the Purchaser to terminate the SSA and the Vendor shall then be entitled to:

(a) forfeit the Tranche 1 payment; and

(b) all documents held by the Purchaser and/or the stakeholder shall be returned to the other.

(b) Purchaser's right to terminate

In the event that the Vendor fails to complete the sale and purchase or shall fail to comply with any of the terms and conditions of the SSA and if capable of remedy, is not remedied within 14 days of it being given notice to do so by the Purchaser, the Purchaser shall then be entitled to claim for specific performance or in the alternative, the Purchaser may by notice of termination to the Vendor terminate the SSA at any time prior to the Completion Date and the Vendor shall refund all</td></tr>
</table>

SALIENT TERMS OF THE SSA *(Cont'd)*

<table>
<tr><td></td><td>the monies paid by the Purchaser to the Vendor, together with interest within 14 days upon receipt of the notice of termination from the Purchaser in exchange for the returned of all documents held by the Purchaser and/or the stakeholder. For the avoidance of doubt, the claim for specific performance or termination of the SSA by the Purchaser shall be without prejudice to the Purchaser's right to claim for damages.</td></tr>
<tr><td>Indemnity</td><td>(a) The Vendor undertakes to pay and to indemnify fully, hold harmless and defend the Purchaser from and against any and all of the deficiencies, losses, costs, expenses, damages, consequence and third party claim for damages suffered directly or indirectly by the Purchaser in connection with:

(i) any inaccuracy or breach of any of the Vendor's warranties; and

(ii) any taxes payable by or any claims for taxes payable which have been or may be asserted against GF Spritvest and/or the Purchaser for the period on or before the Completion Date except in so far as full provision is made for such liabilities in the accounts.

(b) The Vendor shall be liable to indemnify the Purchaser for the losses arising under item (a) above within 2 years from the Completion Date.</td></tr>
<tr><td><u>Non-compete and non-solicitation</u></td><td>The Vendor undertakes with the Purchaser that except with the consent in writing of the Purchaser:

(a) for the period of 3 years after the Completion Date it will not in any country or place where GF Spritvest has carried on business within 1 year carry on or be engaged, concerned or interested directly or indirectly conducts businesses for provision of information technology solutions specialising in automated data collection processes and mobile computing business;

(b) for the period of 3 years after the Completion Date it will not solicit or entice away from GF Spritvest the custom of any person, firm, company or organisation who shall at any time within 1 year have been a customer or client of GF Spritvest; and

(c) for the period of 3 years after the Completion Date it will not employ solicit or entice away from GF Spritvest any person who is at the date hereof or who shall have been at the date of or within 1 year prior to any purported breach an officer, manager, consultant or employee of GF Spritvest.</td></tr>
</table>

SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

The salient terms of the Shareholders Agreement are as follows:

Grand-Flo Spritvest Sdn Bhd ("**GF Spritvest**"), Radiant Globaltech Berhad ("**Radiant Globaltech**"), Jejaka 7 Capital Sdn Bhd ("**Jejaka**") and Cheng Ping Liong ("**Warrantor**") had on 10 September 2020 entered into a shareholders agreement ("**Agreement**") to, amongst others, regulate the rights, obligations and liabilities of Radiant Globaltech and Jejaka as shareholders of GF Spritvest, upon completion of the SSA and the Jejaka's Acquisition.

<table>
<tr><td>Shareholdings</td><td>The initial shareholdings shall be in the following proportion:

<table>
<tr><th>Shareholder</th><th>No. of GF Spritvest Shares</th><th>% of GF Spritvest's issued share capital</th></tr>
<tr><td>Radiant Globaltech</td><td>800,000</td><td>80%</td></tr>
<tr><td>Jejaka</td><td>200,000</td><td>20%</td></tr>
<tr><td>Total</td><td>1,000,000</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Directors and Chairman</td><td>(a) The initial nomination of directors from the respective shareholders will be as follow:

• Radiant Globaltech : 2 directors
• Jejaka : 1 director

(b) The executive chairman of the board will be a representative of Radiant Globaltech.

(c) Notwithstanding item (b) above, Jejaka's nomination of 1 director shall be conditional upon it holding not less than 20% of the total issued share capital of GF Spritvest.</td></tr>
<tr><td>Restriction on Transfer of Shares</td><td>Approval of other party

(a) During the Profit Guarantee Period (as defined below), Radiant Globaltech and Jejaka will not sell, transfer, assign, mortgage, pledge or otherwise encumber deal with or part with the beneficial ownership of any share of GF Spritvest unless the other party otherwise agree in writing.

(b) After the Profit Guarantee Period, Radiant Globaltech and Jejaka will not sell, transfer, assign, mortgage, pledge or otherwise encumber deal with or part with the beneficial ownership of any share of GF Spritvest except in accordance with the provisions of this item (b) unless the other party otherwise agree in writing.

PROVIDED ALWAYS that any party may nominate to transfer any or all of its shares in GF Spritvest to its respective subsidiary or its parent company within the meaning of the Malaysian Companies Act 2016.

Pre-Emption

<u>During the Profit Guarantee Period</u>

(a) Radiant Globaltech and Jejaka (and their ultimate shareholders) ("Offeror") will not sell, transfer or otherwise part with the beneficial ownership of all or any of its shares of GF Spritvest to any third party without first making an offer in writing through GF Spritvest to sell the same to the other shareholder of GF Spritvest ("Offeree"), in proportion to the shareholding ratio at the relevant time.

(b) The offer shall remain open for acceptance for a period of 30 days and must include the number of shares being offered for sale at the fair market price as determined by an independent valuer to be mutually appointed by Radiant Globaltech and Jejaka ("Offer").</td></tr>
</table>

	(c) GF Spritvest must forthwith after the receipt of the Offer, give notice to the Offeree inviting it to purchase all the shares offered by the Offeror. (d) The Offeror may, within a period of 14 days of the Offer, by notice to GF Spritvest withdraw the Offer. If no such withdrawal is made within the period of 14 days, the Offer shall be irrevocable until the expiry of the Offer. (e) If the Offeror have not withdrawn the Offer under item (d) above and if the Offeree desires to purchase the shares at the price specified in the Offer, the Offeree must, within 30 days from the date it received the Offer, give notice to GF Spritvest of its acceptance and the Parties shall proceed immediately to complete the sale and purchase of the said shares. (f) If the Offeree does not accept the Offer within 30 days, the Offeror will not be entitled to make an offer to third parties. **<u>After the Profit Guarantee Period</u>** (a) The Offeror will not sell, transfer or otherwise part with the beneficial ownership of all or any of its shares of the Company to any third Party without first making an offer in writing through the Company to sell the same to the Offeree, in proportion to the shareholding ratio at the relevant time. (b) Thereafter, items (b) to (e) above shall apply. (c) If the Offeree does not accept the Offer within 30 days, the Offeror will be entitled to make an offer to third Parties at a price not less than the price specified in the Offer.
Termination	If a party: (a) fails to take all necessary action to remedy any breach of the Agreement within 30 days from the service of any written notice by the other party; (b) goes into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation or an order of court is made for its compulsory liquidation; (c) shall enter into any composition or arrangement with its creditors or is declared bankrupt; (d) shall have a receiver appointed over the whole or any part of its undertaking or assets; then, the other party may be entitled to either: (i) by written notice to terminate the Agreement; or (ii) require the defaulting party to sell its shares in GF Spritvest to the non-defaulting party.

SALIENT TERMS OF SHAREHOLDERS AGREEMENT *(Cont'd)*

<table>
<tr><td>Non Competition and Non Solicitation</td><td>(a) Radiant Globaltech, Jejaka and Warrantor covenant with each other and with GF Spritvest that neither of them will, without the prior consent of the other parties, directly or indirectly carry on or otherwise be concerned or interested in any business similar to or competitive with the business of GF Spritvest in the regions where GF Spritvest currently operates or will operate during the term of the Agreement.

(b) Each of the parties agrees that, commencing from the date of the Agreement and for a period of one year after they cease to hold any shares in GF Spritvest or ceases to be an employee or consultant of GF Spritvest or any member of the Group, whichever is later ("Restricted Period"), they shall not, directly or indirectly solicit, endeavour to entice away, employ or offer to employ any person who is at the time they cease to hold any shares in GF Spritvest or ceases to be an employee or consultant of GF Spritvest ("Relevant Date") or during the period of 6 months prior to the Relevant Date, employed by, or engaged by GF Spritvest.

(c) Each of the parties agrees that during the Restricted Period, they shall not directly or indirectly, solicit or endeavour to solicit, influence or attempt to influence, any person who at the Relevant Date or during the period of 6 months prior to the Relevant Date is a customer of GF Spritvest or any person who has a key relationship to GF Spritvest and the operation of its business.</td></tr>
<tr><td>Profit Guarantee</td><td>(a) The Warrantor irrevocably and unconditionally warrants and guarantees to Radiant Globaltech a minimum profitability of GF Spritvest as set out in Column 2 of the table below for the financial periods as set out in Column 1 below ("Guaranteed Profit").

<table><tr><th>Column 1</th><th>Column 2</th></tr><tr><td>Cumulative guaranteed profit after tax for the period commencing from the completion date of the share sale agreement between Grand-Flo Berhad and Radiant Globaltech up to the financial year ended ("FYE") 31 December 2022 ("Profit Guarantee Period") ("Cumulative PAT")</td><td>Minimum profit after tax of RM3,200,000.00 only</td></tr></table>
(b) The Warrantor further agrees and covenants with Radiant Globaltech that in the event the Cumulative PAT of GF Spritvest shall be less than the Guaranteed Profit (any amount of such shortfall in the Cumulative PAT shall hereinafter be referred to as the "Profit Shortfall"), then in such an event, the Warrantor shall make good the Profit Shortfall by paying Radiant Globaltech the Profit Shortfall in cash within 90 days from the date of the audited accounts of GF Spritvest for FYE 2022.

(c) As security for the due performance of the Warrantor's obligations under item (b) above, the Warrantor agrees to pledge to Radiant Globaltech all present and future rights, title and interest in and to 55% of the issued share capital of Jejaka.</td></tr>
</table>

INFORMATION ON GF SPRITVEST

1. BACKGROUND INFORMATION OF GF SPRITVEST

GF Spritvest was incorporated in Malaysia under the Companies Act 1965 and is deemed registered under the Companies Act 2016 ("**Act**") on 26 June 1995 in Malaysia as a private limited company under the name of Spritvest Sdn Bhd. It subsequently assumed its present name on 19 March 2009. As at the LPD, the issued share capital of GF Spritvest is RM1,000,000 comprising 1,000,000 GF Spritvest Shares. GF Spritvest is a wholly-owned subsidiary of GFB.

GF Spritvest is a provider of total EDCC solutions focusing on the supply, installation and integration of EDCC hardware and devices, software, technical support and maintenance services.

GF Spritvest commenced operations in 1995, CPL and a partner foresaw that there was promising potential for the automation of business processes of various industries in Malaysia. They noted that the business processes of various industries in Malaysia were heavily dependent upon manual data collection system, which cannot produce critical data on time and which are laborious and error prone to operate. Bringing with them the vast knowledge and experiences in automation of sales force and logistics processes, they established GF Spritvest in 1995 to tap into the EDCC market, specialising in the provision of EDCC solutions. In October 2006, GF Spritvest was acquired by GFB and became its wholly-owned subsidiary.

As at the LPD, GF Spritvest has offices located in Kuala Lumpur, Penang, Seremban, Melaka and Johor Bahru. GF Spritvest currently has 87 employees.

2. SUBSTANTIAL SHAREHOLDER AND DIRECTORS OF GF SPRITVEST

As at the LPD, the sole shareholder of GF Spritvest is GFB. Please refer to Section 2.1.3 of this Announcement for further information on GFB.

The details of the Directors of GF Spritvest and their respective shareholdings in GF Spritvest as at the LPD are as follows:

		<------Direct------>		<------Indirect------>	
	Nationality / Country of incorporation	**No. of GF Spritvest Shares**	**%**	**No. of GF Spritvest Shares**	**%**
Shareholder					
GFB	Malaysia	1,000,000	100.00	-	-
Directors					
Dato' Sri Yap Ngan Choy	Malaysian	-	-	1,000,000	100.00*
Dato' Yap Fook Choy	Malaysian	-	-	1,000,000	100.00^
Tan Bak Hong	Malaysian	-	-	-	-
Yap Chun Theng	Malaysian	-	-	-	-
Sae-Yap Atthakovit	Malaysian	-	-	-	-
CPL	Malaysian	-	-	-	-

Notes:

* *Deemed interested by virtue of his shareholdings in GFB via PLNC Holdings Sdn Bhd pursuant to Section 8 of the Act.*

^ *Deemed interested by virtue of his shareholdings in GFB via JYF Capital Sdn Bhd pursuant to Section 8 of the Act.*

3. FINANCIAL INFORMATION

The historical financial information on GF Spritvest for the past three (3) audited FYE 2017 to FYE 2019 and unaudited 6-month financial period ended ("**FPE**") 30 June 2019 and 2020:

	<----------Audited----------		-------->	<------Unaudited	------>
	FYE 2017 RM'000	**FYE 2018 RM'000**	**FYE 2019 RM'000**	**FPE 6 month 30 June ("FPE") 2019 RM'000**	**FPE 6 month 30 June 2020 RM'000**
Revenue	60,327	61,901	53,352	29,871	21,045
Cost of sales	(48,794)	(44,433)	(38,814)	(20,578)	(17,247)
Gross profit ("**GP**")	11,533	17,468	14,538	9,293	3,798
Profit/Loss before taxation	1,920	7,719	2,388	2,974	(1,150)
PAT/Loss after tax	1,908	6,283	1,623	2,260	(1,150)
Shareholders' funds/ NA	(1,244)	4,866	6,489	7,125	5,339
Share capital	1,000	1,000	1,000	1,000	1,000
Total borrowings	2,774	29	1,711	45	29
Net EPS	1.91	6.28	1.62	2.26	(1.15)
NA per share	(1.24)	4.87	6.49	7.13	5.34
Current ratio (times)	0.94	1.18	1.29	1.31	1.27
Gearing ratio (times)	N/A	0.01	0.26	0.01	0.01
Total dividend paid	-	-	-	-	-

<u>Commentaries on Historical Financial Performance</u>

FYE 2018 vs FYE 2017

- Increase in revenue by 2.61% (RM1.57 million) was mainly due to increase in sales from companies in FMCG, electronics industries and government-linked companies.

- Increase in GP by 51.46% (RM5.94 million) and increase in the GP margin from 19.12% in to 28.22% was mainly due to the reduction in the reliance of third-party consultants (which were used for certain maintenance services). These maintenance services were subsequently handled by an in-house team for cost optimisation.

- The increase in PAT by 229.30% (RM4.38 million) was primarily driven by the increase in revenue, and improved gross profit margin coupled with relatively stable operating expenses in the FYE 2017 and FYE 2018.

FYE 2019 vs FYE 2018

- Decrease in revenue by 13.81% (RM8.55 million) was mainly due to the global economic slow-down causing weak consumer sentiment, which in turn resulted in significant reduction in capital spending from its customers.

- Thus, there was a decrease in gross profit by 16.77% (RM2.93 million). This was in line with the decrease in revenue. Gross profit margin remained relatively stable at 27.25% in FYE 2019 (FYE 2018: 28.22%).

- The decrease in PAT by 74.17% (RM4.66 million) mainly due to:

  - increase in distribution expenses by 16.67% (RM0.25 million) arising from the increase in commission, entertainment and travelling related expenses in an effort to secure more sales;

  - increase in administrative expenses by 23.05% (RM1.86 million) as a result of the increase in directors' non-fee emoluments and staff costs; and

- increase in operating expenses by 52.58% (RM0.23 million) respectively mainly due to higher provision of slow-moving inventories.

FPE 30 June 2019 vs FPE 30 June 2020

- Decrease in revenue by 29.55% (RM8.83 million) mainly due to movement control order ("**MCO**") imposed as a result of COVID-19 pandemic, which in turn resulted in dampened capital spending from its customers. The MCO has resulted in the slowdown of sales for the FPE 2020.

- The loss after tax of RM1.15 million in FPE 2020 was mainly due the significant decrease in revenue, which was insufficient to cover its overhead costs.