

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 adviser immediately.

Bursa Malaysia Securities Berhad 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.

This Circular has been reviewed by Alliance Investment Bank Berhad as the Principal Adviser to Radiant Globaltech Berhad ("**Radiant Globaltech**" or the "**Company**") for the Proposals (as defined herein).



RADIANT GLOBALTECH BERHAD
(Registration No. 200301018877 (621297-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (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 RM11,600,000 ("PROPOSED ACQUISITION"); AND**
- (II) **PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS OF RM11,480,000 RAISED FROM RADIANT GLOBALTECH'S INITIAL PUBLIC OFFERING WHICH WAS COMPLETED ON 24 JULY 2018 TO PART-FINANCE THE PROPOSED ACQUISITION**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



ALLIANCE INVESTMENT BANK

Alliance Investment Bank Berhad 197401004393 (21605-D)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company and the Form of Proxy are enclosed with this Circular. The EGM of the Company will be held as follows:

Date and time of the EGM	:	Friday, 23 October 2020 at 10:30 a.m. or at any adjournment thereof
Last date and time for lodging the Form of Proxy for the EGM	:	Wednesday, 21 October 2020 at 10:30 a.m. or at any adjournment thereof
Venue of the EGM	:	Majestic 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, Tasik Perdana, 50000 Kuala Lumpur, Wilayah Persekutuan

If you decide to appoint a proxy(ies) to attend and vote on your behalf at the EGM, the Form of Proxy should be completed and deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or submitted via email to is.enquiry@my.tricorglobal.com, not less than forty-eight (48) hours before the time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 8 October 2020

DEFINITIONS

In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless otherwise stated:

Act	:	Companies Act 2016
AIBB or Principal Adviser	:	Alliance Investment Bank Berhad (197401004393 (21605-D)), being the Principal Adviser for the Proposals
Board	:	Board of Directors of Radiant Globaltech
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
Circular	:	This circular to our shareholders dated 8 October 2020
CEO	:	Chief Executive Officer
CMCO	:	Conditional MCO
CPL	:	Cheng Ping Liong
Director(s)	:	A director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction was agreed upon, a director or a chief executive of Radiant Globaltech, its subsidiaries or holding company
EDCC	:	Electronic Data Capture and Collation
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
ERP	:	Enterprise resource planning
FMCG	:	Fast-moving consumer goods
FPE	:	Financial period ended 30 June
FYE	:	Financial year ended / ending 31 December, as the case may be
GFB or Vendor	:	Grand-Flo Berhad (200301004972 (607392-W))
GF Spritvest	:	Grand-Flo Spritvest Sdn Bhd (199501019036 (348239-W))
GF Spritvest Shares	:	Ordinary shares in GF Spritvest
GFB Group	:	GFB and its subsidiaries, collectively
GFB Shares	:	Ordinary shares in GFB
Guaranteed Profits	:	A minimum PAT of GF Spritvest of RM3,200,000 for the period commencing from the SSA Completion Date up to the FYE 2022
IPO	:	Initial public offering
IT	:	Information Technology
Jejaka	:	Jejaka 7 Capital Sdn Bhd (202001019260 (1375580-X))

DEFINITIONS (CONT'D)

Jejaka Acquisition	:	Proposed acquisition by Jejaka of the remaining 20% equity interest in GF Spritvest, comprising 200,000 ordinary shares in GF Spritvest, from the Vendor for a cash consideration of RM2,900,000
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LAT/LBT	:	Loss after tax / Loss before tax
Listing Date	:	24 July 2018, being the date Radiant Globaltech Shares were listed on the ACE Market of Bursa Securities
LPD	:	30 September 2020, being the latest practicable date prior to the printing of this Circular
LTD	:	9 September 2020, being the last market day prior to the announcement of the Proposals on 10 September 2020
MCO	:	Movement control order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
NA	:	Net assets
PAT/PBT	:	Profit after tax / Profit before tax
PE Multiple	:	Price to earnings multiple
Proposals	:	Proposed Acquisition and Proposed Variation, collectively
Proposed Acquisition	:	Proposed acquisition of 80% equity interest in GF Spritvest, comprising 800,000 ordinary shares in GF Spritvest, from the Vendor for a total cash consideration of RM11,600,000
Proposed Variation	:	Proposed variation to the utilisation of proceeds of RM11,480,000 raised from Radiant Globaltech's IPO which was completed on 24 July 2018 to part-finance the Proposed Acquisition
Purchase Consideration	:	The total cash consideration of RM11,600,000 for the Proposed Acquisition
Radiant Globaltech or the Company	:	Radiant Globaltech Berhad (200301018877 (621297-A))
Radiant Globaltech Group or Group	:	Radiant Globaltech and its subsidiaries, collectively
Radiant Globaltech Shares	:	Ordinary shares in Radiant Globaltech
Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991
RM and sen	:	Ringgit Malaysia and sen, respectively
RMCO	:	Recovery MCO
Service Agreement	:	Service agreement dated 10 September 2020 entered into between CPL and GF Spritvest

DEFINITIONS (CONT'D)

Shareholders Agreement	:	Shareholders agreement dated 10 September 2020 entered into by the Company, Jejaka, CPL and GF Spritvest to, amongst others, regulate the rights, obligations and liabilities of the Company and Jejaka as shareholders of GF Spritvest, upon SSA Completion Date and Jejaka Acquisition
SSA	:	Conditional share sale agreement dated 10 September 2020 entered into by the Company and the Vendor for the Proposed Acquisition
SSA Completion Date	:	The business day falling 14 days after the Unconditional Date or any extended date as may mutually be agreed between the parties of the SSA in writing on which the completion of the SSA takes place
Unconditional Date	:	The date on which all the conditions precedent are fulfilled, obtained or waived (or such other date as may be agreed upon between the parties of the SSA in writing)
Vendor's Advances	:	The net amount owing from GF Spritvest to GFB Group amounting to RM2,445,926.69 as at the date of the SSA

All references to "Radiant Globaltech" or "our Company" in this Circular are Radiant Globaltech, references to "Radiant Globaltech Group" or "Group" are to our Company and our subsidiaries and references to "we", "us", "our" and "ourselves" are to our Group, our Company, and where the context otherwise requires, our subsidiaries.

All references to "you" in this Circular are to the shareholders of our Company.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise stated. Any reference in this Circular to any enactment, codes, rules or regulations is a reference to that enactment, codes, rules or regulations as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

This Circular includes forward-looking statements. All statements other than statements of historical facts in this Circular including, without limitation, those regarding our Company's financial position, business strategies, plans and objectives of our Company for future operations, are forward-looking statements. There can be no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

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EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions provided in the “Definitions” Section and context of the Circular.

This Executive Summary highlights only the pertinent information of the Proposals. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the EGM.

Key information	Description								
Summary of the Proposals	<p>On 10 September 2020, AIBB had, on behalf of the Board, announced the following:</p> <p>(I) Proposed Acquisition of 80% equity interest in GF Spritvest, comprising 800,000 ordinary shares in GF Spritvest currently held by Grand-Flo Berhad, for a total cash consideration of RM11,600,000; and</p> <p>(II) Proposed Variation to the utilisation of proceeds of RM11,480,000 raised from Radiant Globaltech’s IPO which was completed on 24 July 2018 to part-finance the Proposed Acquisition.</p>								
Details of the Proposed Acquisition	<p>The Proposed Acquisition entails the acquisition by Radiant Globaltech of 80% equity interest in GF Spritvest, for total cash consideration of RM11,600,000.</p> <p>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.</p> <p>Below is the key financial information of GF Spritvest in its latest FYE 2019:</p> <table border="1"><thead><tr><th></th><th>FYE 2019 RM'000</th></tr></thead><tbody><tr><td>Revenue</td><td>53,352</td></tr><tr><td>PAT</td><td>1,623</td></tr><tr><td>Shareholders’ funds / NA</td><td>6,489</td></tr></tbody></table> <p>Please refer to Section 2 of this Circular for further details of the Proposed Acquisition.</p>		FYE 2019 RM'000	Revenue	53,352	PAT	1,623	Shareholders’ funds / NA	6,489
	FYE 2019 RM'000								
Revenue	53,352								
PAT	1,623								
Shareholders’ funds / NA	6,489								

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EXECUTIVE SUMMARY (CONT'D)

Basis and justification in arriving at the Purchase Consideration	<p>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 2022.</p> <p>The PE Multiple of 8.95 times is below the range and the average PE Multiple of Comparable Companies of 20.09 times.</p> <p>Please refer to Section 2.2 of this Circular for further details of the basis and justification in arriving at the Purchase Consideration.</p>
Details of the Proposed Variation	<p>The Proposed Variation of the total RM11,480,000 is intended to be used to part-finance the Proposed Acquisition. In addition, the Company intends to vary the utilisation timeframe for the aforementioned RM11,480,000. The amount is expected to be fully utilised within 4 months from the SSA Completion Date pursuant to the payment schedule stipulated on the SSA.</p> <p>Please refer to Section 3 of this Circular for further details of the Proposed Variation.</p>
Rationale for the Proposals	<p><u>Proposed Acquisition</u></p> <p>The Proposed Acquisition is in line with the Group’s business expansion objectives and growth strategy. 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.</p> <p><u>Proposed Variation</u></p> <p>The Proposed Variation is intended to part-finance the Proposed Acquisition for an amount of RM11,480,000. The Proposed Variation is undertaken for business and capital expansion purposes.</p> <p>Please refer to Section 4 of this Circular for further details on the rationale for the Proposals.</p>
Approvals required	<p>The Proposals are subject to the following approvals being obtained from the following parties:</p> <ul style="list-style-type: none">(i) the shareholders of the Company at the forthcoming EGM;(ii) the shareholders of GFB at an EGM to be convened for the proposed disposal of GF Spritvest; and(ii) any other relevant authorities and/or parties, if required.
Directors’ recommendation	<p>The Board, having considered all aspects of the Proposals, including but not limited to the terms and conditions of the SSA, rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.</p> <p>Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the forthcoming EGM.</p>



RADIANT GLOBALTECH BERHAD
(Registration No. 200301018877 (621297-A))
(Incorporated in Malaysia)

Registered Office:

Third Floor, No. 77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

8 October 2020

BOARD OF DIRECTORS

Dato' Siow Kim Lun @ Siow Kim Lin (*Independent Non-Executive Chairman*)
Yap Ban Foo (*Managing Director*)
Yap Sin Sang (*Executive Director – Operations*)
Tevanaigam Randy Chitty (*Independent Non-Executive Director*)
Mashitah Binti Osman (*Independent Non-Executive Director*)

To: Shareholders of Radiant Globaltech Berhad

Dear Sir/Madam,

PROPOSALS

1. INTRODUCTION

On 10 September 2020, AIBB had, on behalf of the Board, announced the following:

- (i) Proposed acquisition by Radiant Globaltech of 80% equity interest in GF Spritvest, comprising 800,000 ordinary shares in GF Spritvest currently held by GFB, for a total cash consideration of RM11,600,000;
- (ii) Proposed variation of the utilisation of proceeds of RM11,480,000 raised by Radiant Globaltech's IPO which was completed on 24 July 2018 to part-finance the Proposed Acquisition.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSALS, AND TO SET OUT THE VIEWS AND RECOMMENDATIONS OF THE BOARD AS WELL AS TO SEEK YOUR APPROVALS FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

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

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Background information on the Proposed Acquisition

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

- (i) the SSA with the Vendor for the Proposed Acquisition; and
- (ii) the Shareholders Agreement.

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

- (a) 10% of the Purchase Consideration, which is equivalent to RM1,160,000, upon the signing of the SSA;
- (b) 40% of the Purchase Consideration, which is equivalent to RM4,640,000 on the SSA Completion Date;
- (c) 25% of the Purchase Consideration, which is equivalent to RM2,900,000, within 2 months after the SSA Completion Date; and
- (d) 25% of the Purchase Consideration, which is equivalent to RM2,900,000, within 4 months after the SSA Completion Date.

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.

Additionally, on 10 September 2020, GF Spritvest entered into a Service Agreement with CPL, where CPL will continue to serve as a Director and CEO of GF Spritvest after the completion of the Proposed Acquisition, subject to the termination provisions provided in the service agreement. The service agreement may be terminated by either GF Spritvest or CPL by giving 12 months prior written notice to the other.

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

Name of acquirer	No. of GF Spritvest Shares to be acquired	%	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

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Guaranteed Profits

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.

Column 1	Column 2
Cumulative guaranteed PAT for the period commencing from the SSA Completion Date up to the FYE 2022 (“ Profit Guarantee Period ”) (“ Cumulative PAT ”)	Minimum PAT 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 entire 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 55% of the issued share capital of Jejaka, being his entire equity interest in Jejaka by depositing the instrument of transfer for the shares duly executed by CPL in favour of Radiant Globaltech together with the share certificates in respect of the Jejaka Shares (“**Documents**”) with the company secretary of Radiant Globaltech.

In the event CPL fails to make good the Profit Shortfall, the company secretary of Radiant Globaltech is authorized to release the Documents to Radiant Globaltech and Radiant Globaltech shall be entitled, but not obligated to purchase the Jejaka Shares for itself or sell the Jejaka Shares to any third party at fair value. The proceeds of such sale shall be paid to GF Spritvest to settle the Profit Shortfall.

In the event that the Guaranteed Profit is met or the Profit Shortfall is made good, then the pledge of security described above shall come to an end and the Documents shall forthwith be returned to CPL.

For the avoidance of doubt, there shall be no adjustment of the Guaranteed Profit in the event of any delay in the completion of the Proposed Acquisition. Further, the Guaranteed Profit shall be for a maximum sum of RM3,200,000.00 only regardless of whether there has been any aggregate loss over the Profit Guarantee Period.

Please refer to Section 2.1.3 of this Circular for the profile of CPL.

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

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2.1.1 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 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 principally engaged in the provision of IT solutions and is mainly a provider of total EDCC solutions focusing on the supply, installation and integration of EDCC hardware and devices, software, technical support and maintenance services. Its EDCC solutions include asset tracking, sales force automation, warehouse and inventory control software and barcode devices.

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.

The functions of GF Spritvest’s in-house developed software are as follows:

- ManageAsset: an asset tracking system designed to tag and track assets using barcodes and mobile computers. It gives an accurate and complete overview of organisation entire assets and enables them to make the right strategic decisions in resource allocation;
 - ManageSales: a sales force automation system that enables its users to manage the entire sales force from pre-sales to post-sales, including the location and activity of the customers’ sales personnel;
 - ManageWare: a warehouse management system solution by providing real-time accurate data and information of the customers’ warehouse including products, tools, equipment, storage and manpower; and
 - SmartApps: a collective of independent applications that is built with barcode technology on Android and Windows mobile. It enables businesses to perform stock take, stock receiving and stock management more efficiently.
- (iii) Maintenance and technical support relating to EDCC hardware and devices, and software. GF Spritvest also offers 24 hours a day and seven days a week customer helpdesk services to its customers.

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

2.1.2 Information of 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 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. On 13 October 2006, GFB completed the acquisition of GF Spritvest, which became a wholly-owned subsidiary of GFB.

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.

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2.1.3 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:

	Nationality / Country of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of Jejaka	%	No. of Jejaka	%
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	Malaysian	50	5.00	-	-
Shaiha binti Said Zubir					
Total		1,000	100.00		

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

Profile of CPL

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 Spritvest in 1995. He spearheads GF Spritvest's research and development initiatives and plays a pivotal role in the conceptualisation of EDCC solutions. On 13 October 2006, GFB completed the acquisition of GF Spritvest, which became a wholly-owned subsidiary of GFB.

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 Acquisition, CPL will continue to serve as a Director and the CEO of GF Spritvest.

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2.2 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 2022.

PE Multiple is a valuation metric used in valuing a company by measuring its current share price relative to its 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**”).

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

Comparable Companies	Principal activities	Closing share price as at the LTD (RM)	Latest audited EPS (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
PE Multiple of the Proposed Acquisition				8.95

(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 LTD 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 range and 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 5.3 of this Circular;
- (ii) the in-house proprietary software and existing customer portfolio of GF Spritvest. This includes a nation-wide consumer product manufacturer company, a nation-wide hyper market chain, an electronics manufacturer and a utility provider. The existing customer portfolio is expected to contribute positively to the future financial performance of GF Spritvest in meeting the Guaranteed Profits; and
- (iii) the historical positive financial performance of GF Spritvest whereby during the FYE 2017, 2018 and 2019, GF Spritvest achieved a PAT of RM1.91 million, RM6.28 million and RM1.62 million, respectively.

2.3 Source of funding

The Purchase Consideration shall be fully satisfied in cash, which shall be financed partly by the unutilised IPO proceeds of RM11,480,000 raised from Radiant Globaltech's IPO pursuant to the Proposed Variation as detailed in Section 3 of this Circular and the remaining RM120,000 will be financed through internally generated funds and/or bank borrowings. As at the LPD, further breakdown for the sources of funding for the remaining RM120,000 has not been determined.

In the event that the Proposed Variation is not approved by the shareholders of Radiant Globaltech at an EGM to be convened, the Proposed Acquisition will be financed by internally generated funds and/or bank borrowings. In the event that the Proposed Variation is not approved by the shareholders of Radiant Globaltech, further breakdown of the sources of funding for the Proposed Acquisition has not been determined.

2.4 Liabilities to be assumed by Radiant Globaltech

Radiant Globaltech and Jejaka will be assuming the corporate guarantee and indemnities which were given by GFB and the guarantees which were given by the existing directors of GF Spritvest to certain financial institutions in respect of borrowings granted to GF Spritvest on or before the completion of the Proposed Acquisition. The corporate guarantee and indemnities will be assumed by Radiant Globaltech and Jejaka proportionately based on their respective shareholdings in GF Spritvest upon the completion of the Proposed Acquisition, 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.

Pursuant to the terms of the SSA, the Vendor's Advances shall be settled in the following manner:

Date	Amount of Vendor's Advances (RM)
On or before the SSA Completion Date	A sum not less than 400,000.00 only
Within 12 months from the date of the SSA	The remaining sum of the Vendor's Advances which is approximately 2,045,926.69 only
Total	2,445,926.69 only

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.

2.5 Additional financial commitment required

Saved as disclosed in Section 2.4 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.

3. DETAILS OF THE 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 Circular, 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	Actual Utilisation	Proposed Variation	Timeframe for utilisation (Note 2)
	(A)	(B)	(B)-(A) = (C)	
	RM'000	RM'000	RM'000	
Business and capital expansion (Note 1)	11,600	1,742	(9,858)	Within 36 months from the 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 SSA Completion Date

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Note:

- (1) *As disclosed in the listing prospectus dated 28 June 2018 pursuant to Radiant Globaltech's IPO, the unutilised IPO Proceeds of RM9.86 million were initially 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. While the Group still intends to undertake business and capital expansion plan, it will be carried out via the Proposed Acquisition as opposed to its earlier plans stated in the Prospectus.*

As such, the Proposed Variation of the total RM11,480,000 is intended to be used to part-finance the Proposed Acquisition. In addition, the Company intends to vary the utilisation timeframe for the aforementioned RM11,480,000. The amount is expected to be fully utilised within 4 months from the SSA Completion Date pursuant to the payment schedule stipulated on the SSA.

The unutilised IPO Proceeds of RM11,480,000 represents 38.98% of the total IPO Proceeds. In accordance with Rule 8.24(2)(a) of the 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.*

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Acquisition

Premised on its reliance on retail technology solutions, the Group is actively looking for avenues to strengthen its earnings and sustain its long term growth. Currently, the Group is serving mostly customers in the retail space. GF Spritvest provides similar solutions to customers as compared to the Group, and also caters to other industries including companies in FMCG, utilities and electronics industries.

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 (which includes barcode scanners, point of sales terminals, handheld peripherals, barcode printers and related software products) 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, positive historical financial performance of GF Spritvest and the Guaranteed Profits, the Board expects that the Proposed Acquisition will contribute positively to the future earnings of the Group.

Upon the completion of the Proposed Acquisition, Radiant Globaltech aims to be one of the market leaders in the provision of total integrated technology and EDCC solutions in Malaysia. Furthermore, the Group is also able to introduce and cross sell GF Spritvest's software solutions to its existing customers regionally in Thailand, Vietnam and Cambodia where the Group has operations in.

4.2 Proposed Variation

The Proposed Variation is intended to part-finance the Proposed Acquisition for an amount of RM11,480,000. 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 Proposals.

5. INDUSTRY OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

Globally, there were unresolved trade tensions, a slowdown in investments and trade activity, heightened financial market volatility, country-specific risks and geopolitical uncertainties. As a highly open economy, the Malaysian economy was affected by global developments. In addition, weakness in investment activity and supply disruptions in the commodities sector also affected domestic economic activity. Economic growth thus expanded by 4.3% in 2019 (2018: 4.7%), driven by private sector spending.

(Source: Annual Report 2019, Bank Negara Malaysia)

According to the Bank Negara Malaysia's press release on Economic and Financial Developments in Malaysia in the Second Quarter of 2020 on 14 August 2020, Malaysia's economy is expected to contract by 3.5% to 5.5% in 2020 before staging a recovery to grow within a range of 5.5% to 8.0% by 2021.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

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 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 CMCO in May and 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.

With respect to inflation, in the 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; and The World Bank Group, <https://www.data.worldbank.org/>)

5.2 ICT and EDCC industry overview and outlook

The ICT Industry in Malaysia continues to grow in size and distribution to the economy, albeit at a pace slower than the desired rate to reach 20.0% of national gross domestic product (GDP) by 2020. According to PIKOM's projections, this figure should reach 18.6% in 2018, 18.8% in 2019 and potentially pass the 20.0% milestone only in 2022.

(Source: ICT Industry Outlook in Malaysia 2019, PIKOM)

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.

In addition, the National Fiberisation and Connectivity Plan (NFCP) will provide affordable broadband services to support the digital economy, especially to small to medium enterprises. In the meantime, i-Solutions offers a seamless, borderless digital connectivity solution for the Malaysian market mainly for the small-medium enterprises and multi-national corporations.

(Sources: Economic Outlook 2020)

ICT will be leveraged to provide seamless movement of goods and services as well as encourage e-commerce activities. The private sector will take the lead to establish and promote virtual selling platforms as well as develop fulfilment centres and urban logistics. These activities will transform the traditional supply chain towards a smart supply chain ecosystem.

In the ICT industry, niche areas (comprising of digital content, Internet of Things (IoT), data centres and cloud services, cybersecurity, software development and testing, and big data analytics) will be further promoted and export capabilities enhanced to ensure that Malaysia captures a bigger export market for ICT products and services. Within the identified niche areas, the ICT ecosystem will be strengthened, including the capacity of start-ups, talent, infrastructure, research and development and commercial, and governance.

(Source: Eleventh Malaysia Plan 2016-2020, Prime Minister's Department; and Mid Term Review of the Eleventh Malaysia Plan 2016-2020, Ministry of Economic Affairs)

The management of Radiant Globaltech ("**Management**") envisages that GF Spritvest is well poised to leverage from the growing demand for operational efficiency in businesses. Further, the Management is of the opinion that the EDCC sector is also considered as a niche area within the ICT industry. GF Spritvest's products and services, as well as its in-house developed software, are aimed at, amongst others, to track, simplify, automate and minimize errors in warehouse / stock management systems, as well as sales and asset management systems. The said products and services will be crucial in enhancing operational efficiency in businesses. As such, the EDCC sector is expected to grow hand in hand with the ICT industry.

(Source: Management of Radiant Globaltech)

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5.3 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.

The Group's expansion plans, strategies and steps to be taken in relation to its involvement in GF Spritvest's business upon the completion of the Proposed Acquisition are as follows:

- To maintain and retain the existing key employees of GF Spritvest to allow minimal disruption in GF Spritvest's operations;
- Sharing of resources will be implemented as GF Spritvest can tap into Radiant Globaltech's technical support services in view that it currently outsources its customers' technical support services;
- To consolidate the sourcing of hardware / software products to achieve economies of scale and bargain for bulk purchase from suppliers; and
- In terms of market expansion, the enlarged Group intends to cross sell existing products and services. For example, Radiant Globaltech's in-house developed B2B portal, which is typically offered to customers in the retail industry, may be offered to GF Spritvest's customers in FMCG. In addition, the enlarged Group intends to introduce GF Spritvest's in-house developed software to overseas markets which the Radiant Globaltech Group currently serve, namely, Vietnam, Cambodia and Thailand.

The Group intends to implement the above mentioned plans and strategies within 36 months from the completion of the Proposed Acquisition. These expansion plans for GF Spritvest will be funded by internally generated funds and/or bank borrowings of GF Spritvest, the amount of which cannot be determined at this juncture.

(Source: The management of Radiant Globaltech)

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6. 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 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 obsolescence, 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:

6.1 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.

6.2 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 enlarged Group. The Group also believes that with GF Spritvest' 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 enlarged Group would be able to withstand market competition faced by GF Spritvest through long-term technological enhancement of GF Spritvest's solutions.

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6.3 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 repeat orders from these long-term customers of approximately between 7 to 17 years. However, no assurance can be given that such long-term relationship with customers will ensure business continuity and growth to GF Spritvest in the future.

GF Spritvest also offers maintenance services and 24 hours a day and seven days a week customer helpdesk services for the products and services, and this provides an avenue for GF Spritvest to maintain and extend its business relationship with the customers over the years.

6.4 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 subject to the termination provisions provided in the service agreement. The service agreement may be terminated by either GF Spritvest or CPL by giving 12 months prior written notice to the other. 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 remaining 45% of Jejaka's equity interest is held by 9 employees of GF Spritvest.

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. After the completion of the Proposed Acquisition, the Managing Director, Executive Director, Sales Director and Digital Director of Radiant Globaltech will also be involved in the business of GF Spritvest. 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.

6.5 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.

6.6 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.

6.7 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 CMCO will be extended for another four weeks until 9 June 2020. Subsequent to 9 June 2020, the Government has imposed the RMC0 from 10 June 2020 until 31 August 2020, which is further extended to 31 December 2020. As at the LPD, GF Spritvest has commenced full operations. To curb the spread of COVID-19 amongst its employees, GF Spritvest practices physical distancing, checking of temperature upon entering its premises and virtual meetings when appropriate and suitable. While GF Spritvest has commenced full operations, it still continues to take precautionary measures by having part of its software employees work from home on rotational basis.

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.

In order to mitigate potential disruptions in the event of the reimposition of the MCO and CMCO, GF Spritvest will provide work from home arrangement for all of its employees, if necessary. Further, GF Spritvest has also ensured that its staff is well equipped with the relevant equipment and connectivity in order to continue working from home.

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.

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7. EFFECTS OF THE PROPOSALS

The effects of the Proposals on the share capital, substantial shareholders' shareholdings in Radiant Globaltech, NA, gearing, earnings and EPS of the Radiant Globaltech Group are as follows:

7.1 Issued share capital

The Proposed Acquisition and Proposed Variation will not have any effect on the issued share capital of the Company as it does not involve any issuance of new shares by the Company.

7.2 NA and gearing

The Proposed Variation will not have any effect on the NA and gearing of the Group.

For illustrative purposes only, based on the audited consolidated statements of financial position of Radiant Globaltech as at 31 December 2019 and on the assumption that the Proposed Acquisition had been effected on that date, the pro forma effects of the Proposed Acquisition on the NA and gearing of the Radiant Globaltech Group 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) *The estimated goodwill of approximately RM6.41 million has been reflected in the total NA of the Group in preparing the pro forma NA of the Group after the Proposed Acquisition.*

The estimated goodwill was arrived at after netting off 80% of the fair value of NA acquired as at 31 December 2019 of GF Spritvest of RM6.49 million (i.e RM5.19 million) from the Purchase Consideration of RM11,600,000.

(3) *Comprising lease liabilities and bank borrowings.*

As discussed in Section 6.6 of this Circular, 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 annual impairment testing to be conducted in accordance with the accounting policies of the Group. 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.

Upon completion of the Proposed Acquisition, assessment will be conducted to ascertain the potential impact of impairment and subsequently, annually unless clear evidence of impairment is obtained prior to the annual assessment.

7.3 Earnings and EPS

The Proposed Variation will not have any effect on the earnings and EPS of the Group.

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 Proposals are expected to contribute positively to the future earnings of the Radiant Globaltech Group.

For illustrative purposes only, the pro forma effects of the Proposed Acquisition on the earnings and EPS of the Radiant Globaltech Group on the assumption that the Proposed Acquisition has been effected on 1 January 2019, are as follows:

	Audited as at 31 December 2019	After the Proposed Acquisition
PAT attributable to the owners of Radiant Globaltech (RM'000)	5,596	6,894 ⁽¹⁾
No. of Radiant Globaltech Shares issued ('000)	525,200	525,200
EPS (sen)	1.07	1.31

Notes:

(1) Assuming 80% of the PAT of GF Spritvest for the FYE 2019 amounting to approximately RM1.30 million attributable to the owners of Radiant Globaltech.

7.4 Substantial shareholders' shareholdings

The Proposed Acquisition and Proposed Variation will not have any effect on the substantial shareholders' shareholdings in the Company as it does not involve any issuance of new shares by the Company.

7.5 Convertible securities

As at the LPD, the Company does not have any convertible securities.

8. 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 for the proposed disposal of GF Spritvest; and
- (c) any other relevant parties/authorities (if applicable).

9. CONDITIONALITY

The Proposed Variation is conditional upon the Proposed Acquisition and not vice-versa.

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

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

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

As at the LPD, the interests of the Directors and/or major shareholders of Radiant Globaltech and/or person connected with them in GFB are as follows:

	Direct		Indirect	
	No. of GFB Shares	% ⁽³⁾	No. of GFB Shares	%
Yap Ban Foo ⁽¹⁾	1,136,666	0.21	-	-
Yap Sin Sang ⁽²⁾	620,000	0.12	-	-

Notes:

- (1) *Mr. Yap Ban Foo, the Managing Director of Radiant Globaltech, is also a shareholder of GFB.*
- (2) *Mr. Yap Sin Sang, the Executive Director – Operations of Radiant Globaltech, is also a shareholder of GFB.*
- (3) *Calculated based on the respective number of shares held by each director divided by the total number of issued shares of GFB comprising 530,157,482 GFB Shares.*

Save as disclosed above, none of the Directors, major shareholders of Radiant Globaltech and/or persons connected with them have any interest, whether direct or indirect, in the Proposals.

Based on Rule 10.08(11)(I) of the Listing Requirements, the Proposed Acquisition is not deemed a related party transaction because there are no other interested relationships except for Yap Ban Foo and Yap Sin Sang, who are Directors of Radiant Globaltech, having shareholdings in GFB of less than 10%.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the terms and conditions of the SSA, rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the forthcoming EGM.

12. 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.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the 4th quarter of 2020. The tentative timetable in relation to the completion of the Proposals is as follows:

Tentative Date	Event
23 October 2020	EGM for the Proposals
By 4 th quarter of 2020	Completion of the Proposals

14. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Our Board confirms that as at the date of this Circular, there are no other outstanding corporate exercises that have been announced but pending completion by the Company.

15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Majestic 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, Tasik Perdana, 50000 Kuala Lumpur, Wilayah Persekutuan on Friday, 23 October 2020 at 10:30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions with or without modifications, to give effect to the Proposals.

If you are entitled but unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or submitted via email to is.enquiry@my.tricorglobal.com, not less than 48 hours before the date and time appointed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
RADIANT GLOBALTECH BERHAD

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

APPENDIX I – 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 SSA with GFB (“**Vendor**”) for the Proposed Acquisition.

Basis of sale	800,000 ordinary shares of GF Spritvest (“ Sale Shares ”) are sold to the Purchaser free from all claims, liens, charges and encumbrances.
Conditions Precedent	<p>The obligations of the Purchaser and the Vendor are conditional upon the following being fulfilled, obtained or waived within 90 days from the date of the SSA or such other extended date as the parties may mutually agree in writing (“Conditional Period”):</p> <ul style="list-style-type: none"> (a) the Vendor having obtained the approval of the Vendor’s shareholders at an 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 in accordance with the provisions of the SSA; (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 upon the terms and conditions as set out in the SSA to be held by the stakeholder and to be released to the Purchaser only upon completion; (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 (as the case may be) in accordance with the terms of the SSA; 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 in accordance with the provisions set out in the SSA. <p>In the event that any one of the conditions precedent is not or cannot be fulfilled, obtained or waived (as the case may be) during the Conditional Period, either party shall be entitled, by notice of termination to the other, to terminate the SSA and upon such notice being served on the other and, subject to the performance by the Vendor and the Purchaser of their respective obligations upon termination, the SSA shall be null and void and be of no further effect and the Vendor shall refund all the monies paid by the Purchaser pursuant to the SSA, together with interest, to the Purchaser.</p>

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

<p>Due Diligence</p>	<p>For the purpose of the due diligence, in the event the Vendor did not or is unable to rectify any of the due diligence irregularities within the timeframe accorded under the SSA ,and provided always that:</p> <p>(a) if such irregularities are quantifiable in monetary terms and result in a loss of contractual value or potential loss or liability of an amount in excess of RM1,160,000; and</p> <p>(b) if not quantifiable in monetary terms, means any matter which would have a material and adverse impact on the business of GF Spritvest or its assets,</p> <p>then the due diligence irregularities shall be deemed to have not been resolved.</p> <p>In such an event, the Purchaser shall grant an extension beyond the Conditional Period 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 within the period stipulated within the SSA.</p>								
<p>Method of Payment</p>	<p>The Purchase Consideration shall be wholly satisfied in cash by the Purchaser to the Vendor in the following manner:</p> <p>(a) upon signing of the SSA, the Purchaser shall pay the Vendor first tranche of the Purchase Consideration of RM1,160,000.00 ("Tranche 1");</p> <p>(b) on the SSA Completion Date, the Purchaser shall pay the Vendor second tranche of the Purchase Consideration of RM4,640,000.00;</p> <p>(c) within 2 months after the SSA Completion Date, the Purchaser shall pay the Vendor third tranche of RM2,900,000.00 ("Tranche 3") ; and</p> <p>(d) within 4 months after the SSA Completion Date, the Purchaser shall pay the Vendor the remaining balance of RM2,900,000.00 ("Tranche 4").</p>								
<p>Vendor's Advances</p>	<p>(a) The parties agree and acknowledge that the Vendor and its related parties and persons connected with them ("Related Parties") have, prior to the date of the SSA, provided Vendor's Advances to GFS. The parties acknowledge and agree that the Vendor and its Related Parties shall not, at any time after the date of the SSA, extend any further loans and advances to GF Spritvest for any reason whatsoever.</p> <p>(b) The parties agree that all such Vendor's Advances shall be settled and repaid by GF Spritvest to the Vendor and/or its Related Parties in the following manner:</p> <table border="1" data-bbox="513 1727 1407 2011"> <thead> <tr> <th data-bbox="513 1727 858 1760">Date</th> <th data-bbox="858 1727 1407 1760">Amount of Vendor's Advances (RM)</th> </tr> </thead> <tbody> <tr> <td data-bbox="513 1760 858 1839">On or before the SSA Completion Date</td> <td data-bbox="858 1760 1407 1839">A sum not less than 400,000.00 only</td> </tr> <tr> <td data-bbox="513 1839 858 1962">Within 12 months from the date of the SSA</td> <td data-bbox="858 1839 1407 1962">The remaining sum of the Vendor's Advances which is approximately 2,045,926.69 only</td> </tr> <tr> <td data-bbox="513 1962 858 2011">Total</td> <td data-bbox="858 1962 1407 2011">2,445,926.69 only</td> </tr> </tbody> </table>	Date	Amount of Vendor's Advances (RM)	On or before the SSA Completion Date	A sum not less than 400,000.00 only	Within 12 months from the date of the SSA	The remaining sum of the Vendor's Advances which is approximately 2,045,926.69 only	Total	2,445,926.69 only
Date	Amount of Vendor's Advances (RM)								
On or before the SSA Completion Date	A sum not less than 400,000.00 only								
Within 12 months from the date of the SSA	The remaining sum of the Vendor's Advances which is approximately 2,045,926.69 only								
Total	2,445,926.69 only								

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

<p>Inter-conditional</p>	<p>The completion of the sale and purchase of the Sale Shares pursuant to the SSA is inter-conditional upon the completion of the Proposed Disposal and vice versa.</p> <p>In the event the share sale agreement for the Proposed Disposal is terminated before the SSA Completion Date for whatsoever reason or not completed simultaneously with the SSA Completion Date, the SSA will be deemed to be automatically terminated and thereafter be of no effect, whereupon the Purchaser and the Vendor will not have any rights against the other and the Vendor will not have the obligation to sell the Sale Shares nor the Purchaser to purchase the Sale Shares save for the rights and obligations of the Vendor and the Purchaser pursuant to any antecedent breach of the SSA.</p> <p>The Vendor shall refund to the Purchaser all the monies paid by the Purchaser to the Vendor, together with interest within 7 days from the date of the deemed termination of the SSA.</p>
<p>Completion</p>	<p>(a) If the conditions precedent are fulfilled, obtained or waived (as the case may be) in accordance with the provisions of the SSA within the Conditional Period and subject to the fulfilment of the respective parties' obligations under the provisions of the SSA, the completion of the sale and purchase of the Sale Shares shall take place on the SSA Completion Date. For the avoidance of doubt, the completion shall take place simultaneously with the completion of the Proposed Disposal on the SSA Completion Date.</p> <p>(b) The parties mutually agree to proceed with the completion notwithstanding that the Purchase Consideration has not been fully paid and settled by the Purchaser and the Vendor's Advances have not been fully repaid and settled by GF Spritvest to the Vendor or its Related Parties on the SSA Completion Date, provided always that the payment of Tranche 3 and Tranche 4 and the repayment of the Vendor's Advances shall be made in accordance with the provisions set out in the SSA.</p> <p>(c) In the event that the Purchaser breaches its obligation under the SSA to pay and settle any part of Tranche 3 and Tranche 4 in accordance with the provisions of the SSA, the Purchaser shall, inter-alia, be liable to pay to the Vendor interest at the rate of 8% per annum on the amount due, calculated on a daily basis from the due date for payment until the date of actual receipt of full payment.</p>
<p>Subsistence of Warranties</p>	<p>The warranties given under the SSA shall continue to subsist notwithstanding the completion for a period of 24 months from the SSA Completion Date.</p>
<p>Termination</p>	<p>(a) Each party shall be entitled to issue a notice of termination to the other party, if, at any time prior to completion as contemplated under the SSA, the other party commits any continuing or material breach of any of its obligations under the SSA which is incapable of remedy or if capable of remedy, is not remedied within 14 days of it being given notice to do so, or inter alia, a winding up or insolvency events occurs.</p> <p>(b) If the SSA is terminated by the Vendor at any time prior to the SSA Completion Date, the Vendor shall be entitled to forfeit Tranche 1 payment made by the Purchaser as an agreed liquidated damages and all documents held by the Purchaser and/or the stakeholder pursuant to the SSA shall be returned to the other in accordance with the provisions set out in the SSA.</p>

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

	<p>(c) If the SSA is terminated by the Purchaser and the Purchaser elects not to pursue the remedy of specific performance demanding the Vendor to complete the transaction as contemplated in the SSA, the Vendor shall refund to the Purchaser all the monies paid by the Purchaser to the Vendor, together with interest¹ within 14 days upon receipt the notice of termination from the Purchaser in exchange for the returned of all documents held by the Purchaser and/or the stakeholder in accordance with the provisions set out in the SSA.</p> <p>Note:</p> <p>(1) For information purpose, the Vendor and the Purchaser have agreed to fix the interest at the rate of 3.5% per annum.</p>
<p>Non-compete and non-solicitation</p>	<p>The Vendor undertakes with the Purchaser that except with the consent in writing of the Purchaser:</p> <p>(a) for the period of 3 years after the SSA Completion Date it will not in any country or place where GF Spritvest has carried on business within 1 year to the date hereof, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner or agent or otherwise conducts businesses for provision of information technology solutions specialising in automated data collection processes and mobile computing business;</p> <p>(b) for the period of 3 years after the SSA Completion Date it will not either on its own account or in conjunction with or on behalf of any other person, firm or company solicit or entice away or attempt to solicit or entice away from GF Spritvest the custom of any person, firm, company or organisation who shall at any time within 1 year prior to the date hereof have been a customer, client, identified prospective customer or client or agent of GF Spritvest; and</p> <p>(c) for the period of 3 years after the SSA Completion Date it will not either on its own account or in conjunction with or on behalf of any other person, firm or company employ, solicit or entice away or attempt to 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 of this provision an officer, manager, consultant or employee of GF Spritvest whether or not such person would commit a breach of contract by reason of leaving such employment.</p>
<p>Indemnity</p>	<p>The Vendor shall be liable to indemnify the Purchaser within 2 years from the SSA Completion Date for the losses arising from any inaccuracies or breach of warranties given by the Vendor as stipulated in the SSA and 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 SSA Completion Date.</p>
<p>Limitation of liability</p>	<p>The maximum aggregate liability of the Vendor in respect of any claims for the breach of any warranties given by the Vendor and any covenant or undertaking under the terms of the SSA, shall not exceed an amount equivalent to 40% the Purchase Consideration. No liability shall attach to the Vendor where the amount of any claim is less than RM75,000 only.</p>

APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

The salient terms of the Shareholders Agreement are as follows:

GF Spritvest, Radiant Globaltech, Jejaka and CPL (“**Warrantor**”) had on 10 September 2020 entered into a Shareholders Agreement which shall be effective upon the completion of the SSA and the Jejaka Acquisition.

Shareholdings	<p>The initial shareholdings shall be in the following proportion:</p> <table border="1" data-bbox="432 443 1406 600"> <thead> <tr> <th data-bbox="432 443 756 506">Shareholder</th> <th data-bbox="756 443 1082 506">No. of GF Spritvest Shares</th> <th data-bbox="1082 443 1406 506">% of GF Spritvest’s issued share capital</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 506 756 537">Radiant Globaltech</td> <td data-bbox="756 506 1082 537">800,000</td> <td data-bbox="1082 506 1406 537">80%</td> </tr> <tr> <td data-bbox="432 537 756 568">Jejaka</td> <td data-bbox="756 537 1082 568">200,000</td> <td data-bbox="1082 537 1406 568">20%</td> </tr> <tr> <td data-bbox="432 568 756 600">Total</td> <td data-bbox="756 568 1082 600">1,000,000</td> <td data-bbox="1082 568 1406 600">100%</td> </tr> </tbody> </table>	Shareholder	No. of GF Spritvest Shares	% of GF Spritvest’s issued share capital	Radiant Globaltech	800,000	80%	Jejaka	200,000	20%	Total	1,000,000	100%
Shareholder	No. of GF Spritvest Shares	% of GF Spritvest’s issued share capital											
Radiant Globaltech	800,000	80%											
Jejaka	200,000	20%											
Total	1,000,000	100%											
Directors and Chairman	<p>(a) The initial nomination of directors from the respective shareholders will be as follow:</p> <ul style="list-style-type: none"> • Radiant Globaltech : 2 directors • Jejaka : 1 director <p>(b) The executive chairman of the board will be a representative of Radiant Globaltech.</p> <p>(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.</p>												
Restriction on Transfer of Shares	<p>Approval of other party</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>Pre-Emption</p> <p><u>During the Profit Guarantee Period</u></p> <p>(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.</p> <p>(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”).</p>												

APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT (CONT'D)

	<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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 unless the Offeree otherwise agrees in writing.</p> <p><u>After the Profit Guarantee Period</u></p> <p>(a) The 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 Offeree, in proportion to the shareholding ratio at the relevant time.</p> <p>(b) Thereafter, items (b) to (e) above shall apply.</p> <p>(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.</p>
<p>Termination</p>	<p>If a party:</p> <p>(a) fails to take all necessary action to remedy any breach of the Shareholders Agreement within 30 days from the service of any written notice by the other party;</p> <p>(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;</p> <p>(c) shall enter into any composition or arrangement with its creditors or is declared bankrupt;</p> <p>(d) shall have a receiver appointed over the whole or any part of its undertaking or assets;</p> <p>then, the other party may be entitled to either:</p> <p>(i) by written notice to terminate the Shareholders Agreement; or</p> <p>(ii) require the defaulting party to sell its shares in GF Spritvest to the non-defaulting party.</p>
<p>Non Competition and Non Solicitation</p>	<p>(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 Shareholders Agreement.</p>

APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT (CONT'D)

	<p>(b) Each of the parties agrees that, commencing from the date of the Shareholders 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.</p> <p>(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.</p>				
<p>Profit Guarantee</p>	<p>(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.</p> <table border="1" data-bbox="475 869 1407 1055"> <thead> <tr> <th data-bbox="475 869 943 902">Column 1</th> <th data-bbox="943 869 1407 902">Column 2</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 902 943 1055">Cumulative guaranteed PAT for the period commencing from the SSA Completion Date up to the FYE 2022 (“Profit Guarantee period”)</td> <td data-bbox="943 902 1407 1055">Minimum PAT of RM3,200,000.00 only</td> </tr> </tbody> </table> <p>(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 the FYE 2022.</p> <p>(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 (“Jejaka Shares”) by depositing the instrument of transfer duly executed by the Warrantor in favour of Radiant Globaltech together with the share certificates in respect of the Jejaka Shares (“Documents”) with the company secretary of Radiant Globaltech.</p> <p>(d) In the event the Warrantor fails to make good the Profit Shortfall, the company secretary of Radiant Globaltech is authorized to release the Documents to Radiant Globaltech and Radiant Globaltech shall be entitled, but not obligated to purchase the Jejaka Shares for itself or sell the Jejaka Shares to any third party at fair value. The proceeds of such sale shall be paid to GF Spritvest to settle the Profit Shortfall. For the avoidance of doubt, there will be no late payment interest calculated from the due date for payment of the Profit Shortfall until the date of actual settlement of the Profit Shortfall.</p> <p>(e) In the event that the Guaranteed Profit is met or the Profit Shortfall is made good, then the pledge of security shall come to an end and the Documents shall be returned to the Warrantor.</p>	Column 1	Column 2	Cumulative guaranteed PAT for the period commencing from the SSA Completion Date up to the FYE 2022 (“ Profit Guarantee period ”)	Minimum PAT of RM3,200,000.00 only
Column 1	Column 2				
Cumulative guaranteed PAT for the period commencing from the SSA Completion Date up to the FYE 2022 (“ Profit Guarantee period ”)	Minimum PAT of RM3,200,000.00 only				

APPENDIX III – 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 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. Its EDCC solutions include assets tracking, sales force automation, warehouse and inventory control software and barcode devices.

GF Spritvest commenced operations on 27 June 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.

GF Spritvest currently has 87 employees. As at the LPD, GF Spritvest has a total of 5 offices located in Kuala Lumpur, Penang, Seremban, Melaka and Johor Bahru. GF Spritvest's principal market is Malaysia with its customers ranging from companies in FMCG, utilities and electronics industries. GF Spritvest's revenue for the past three (3) FYE 2017 up to the FYE 2019 were mainly generated from the domestic market where approximately 99.60% of its revenue for the FYE 2019 were generated from the domestic market while the remaining 0.40% were from the overseas market. The software sold are developed in-house as well as sourcing from off-the-shelf options while its hardware products are mainly sourced from suppliers in the United States of America.

The details of the total assets of GF Spritvest based on the audited financial statements for the FYE 31 December 2019 is as follows:

	RM'000
Plant and equipment	441
Inventories	3,133
Trade receivables	18,208
Other receivables	398
Amounts due from fellow subsidiaries	1,178
Tax recoverable	207
Short-term funds	2,274
Cash and bank balances	1,616
Total	27,455

2. SHARE CAPITAL

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 the Vendor.

As at the LPD, GF Spritvest does not have any subsidiary or associate company.

APPENDIX III – INFORMATION ON GF SPRITVEST (CONT'D)

3. SUBSTANTIAL SHAREHOLDER AND DIRECTORS OF GF SPRITVEST

As at the LPD, the sole shareholder of GF Spritvest is GFB. Please refer to Section 2.1.2 of this Circular 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:

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

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APPENDIX III – INFORMATION ON GF SPRITVEST (CONT'D)

4. FINANCIAL INFORMATION

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

	<-----Audited----->			<-----Unaudited----->	
	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FPE 2019 RM'000	FPE 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	-	-	-	-	-

Commentaries on Historical Financial Performance

FYE 2017 vs FYE 2016

- Increase in revenue by 43.07% (RM18.16 million) was mainly due to higher revenue contribution from the technology refresh exercise undertaken by one of its major customers amounting to RM19.82 million and increase in sales from the customers which are in FMCG and utilities sector.
- GF Spritvest recorded a PAT of RM1.91 million in the FYE 2017 as compared to a loss after tax of RM4.91 million in the FYE 2016. This was primarily driven by the increase in revenue, and improved gross profit margin coupled with relatively stable operating expenses in the FYE 2016 and FYE 2017.

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, utilities and electronics industries. The said increase was mostly contributed by a major customer in the utilities sector amounting to RM4.85 million.
- Increase in GP by 51.46% (RM5.94 million) and increase in the GP margin from 19.12% 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 FYE 2017 and FYE 2018.

APPENDIX III – INFORMATION ON GF SPRITVEST (CONT'D)

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 the FYE 2019 (FYE 2018: 28.22%).
- The decrease in PAT by 74.17% (RM4.66 million) mainly due to lower revenue and higher selling and distribution expenses, higher administrative expenses and higher other operating expenses.

FPE 30 June 2019 vs FPE 30 June 2020

- Decrease in revenue by 29.55% (RM8.83 million) mainly due to the 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.
- Decrease in GP margin to 18.00% (FPE 2019: 31.10%) mainly due to softer market conditions in the FYE 2020 which caused GF Spritvest to offer its products and services at a more competitive pricing in order to secure higher level of sales couple with weakening of RM against the USD during the FPE 2020.
- The loss after tax of RM1.15 million in the FPE 2020 (FPE 2019: PAT of RM2.21 million) was mainly due the significant decrease in revenue, rendering GF Spritvest unable to cover its overhead costs.

5. ACCOUNTING POLICIES AND AUDIT QUALIFICATION

Based on the audited financial statements of GF Spritvest for the past three (3) FYE 2017 to 2019:

- (i) there were no exceptional or extraordinary items reported in GF Spritvest's audited financial statements;
- (ii) there are no accounting policies adopted by GF Spritvest which are peculiar to GF Spritvest due to the nature of its business or the industry which it is involved in; and
- (iii) GF Spritvest's external auditors had not issued any audit qualification on its financial statements.

6. MATERIAL COMMITMENTS

As at the LPD, the Directors of GF Spritvest are not aware of any material commitments incurred or known to be incurred by GF Spritvest, which may have an impact on GF Spritvest's PAT or NA upon becoming enforceable.

7. CONTINGENT LIABILITIES

As at the LPD, the Directors of GF Spritvest are not aware of any contingent liabilities incurred or known to be incurred by GF Spritvest, which upon becoming enforceable, may have an impact on GF Spritvest's PAT or NA.

APPENDIX III – INFORMATION ON GF SPRITVEST (CONT'D)

8. MATERIAL CONTRACTS

There is no material contract (not being contract entered into in the ordinary course of business) which has been entered into by GF Spritvest within 2 years immediately preceding the date of this Circular.

9. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, GF Spritvest is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise, and the Directors of GF Spritvest is not aware of any proceedings pending or threatened against GF Spritvest, or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of GF Spritvest.



GRAND-FLO SPRITVEST SDN. BHD.
Registration No.: 199501019036 (348239-W)
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019**

GRAND-FLO SPRITVEST SDN. BHD.
Registration No.: 199501019036 (348239-W)
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019**

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Statement of Changes in Equity	12
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Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of information technology solutions specialising in automated data collection processes and mobile computing.

There have been no significant changes in these principal activities during the financial year.

RESULTS

	RM
Profit for the financial year	<u>1,622,995</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors' do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are as follows:-

Dato' Sri Yap Ngan Choy	(Appointed on 11.09.2019)
Dato' Yap Fook Choy	(Appointed on 11.09.2019)
Sae-Yap Atthakovit	(Appointed on 11.09.2019)
Yap Chun Theng	(Appointed on 11.09.2019)
Tan Bak Hong	
Cheng Ping Liong	
Tan Bak Leng	(Resigned on 11.09.2019)

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

DIRECTORS' INTERESTS

The interest of Directors in office at the end of the financial year in shares or in debenture of the Company and its related corporations during the financial year are disclosed in the Directors' Report of the holding company pursuant to Section 59(3) of the Companies Act 2016.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company for their services to the Company were as follows:

	RM
Salaries	836,030
Bonus	681,000
Contributions to defined contribution plan	178,700
Contributions to social security	2,003
Contributions to employment insurance system	229
	<u>1,697,962</u>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than as disclosed in Note 5 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts inadequate to any substantial extent or necessitate the making of provision for doubtful debts;
 - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

Registration No.: 199501019036 (348239-W)

OTHER STATUTORY INFORMATION (cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances: (cont'd)
- (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Company to meet its obligations as and when they fall due;
 - (ii) the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company is disclosed in Note 5 to the financial statement.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company by any Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Details of event subsequent to the end of financial year are disclosed in Note 29 to the financial statements.

HOLDING COMPANY

The Directors regard Grand-Flo Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad as the holding company of the Company.

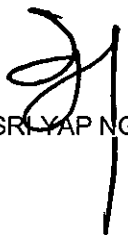
**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

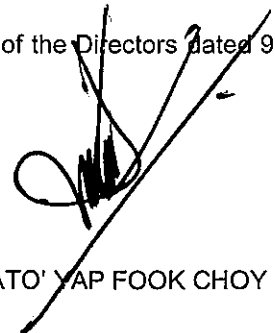
Registration No.: 199501019036 (348239-W)

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 9 June 2020.


DATO' SRI YAP NGAN CHOY


DATO' YAP FOOK CHOY

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 9 to 58 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 9 June 2020.


DATO' SRI YAP NGAN CHOY


DATO' YAP FOOK CHOY

STATUTORY DECLARATION

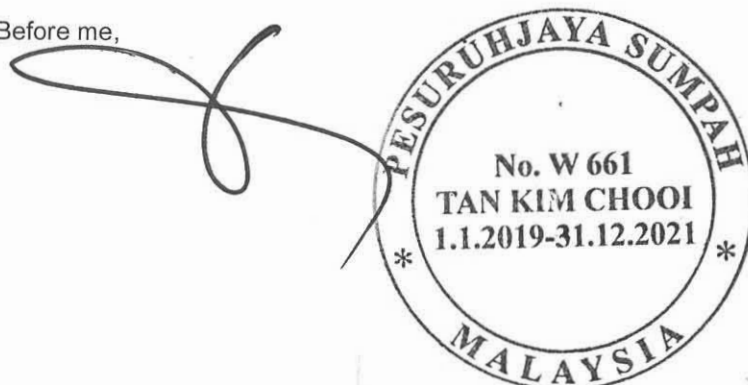
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, LEE BOON HAI (MIA No.: 18094), being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 9 to 58 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
Abovenamed
at Kuala Lumpur in the Federal Territory
on 9 June 2020


LEE BOON HAI

Before me,



LEVEL 25, MENARA HONG LEONG,
NO 6, JALAN DAMANLELA, BUKIT DAMANSARA
50490 KUALA LUMPUR



Moore Stephens Associates PLT [LLP0000963-LCA]

Chartered Accountants [AF002096]
Unit 3.3A, 3rd Floor, Surian Tower
No. 1 Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor, Malaysia

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www.moore.com.my

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
GRAND-FLO SPRITVEST SDN. BHD.**

Registration No.: 199501019036 (348239-W)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grand-Flo Spritvest Sdn. Bhd., which comprise the statement of financial position as at 31 December 2019 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
GRAND-FLO SPRITVEST SDN. BHD. (cont'd)**

Registration No.: 199501019036 (348239-W)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GRAND-FLO SPRITVEST SDN. BHD. (cont'd)**

Registration No.: 199501019036 (348239-W)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the member of the Company as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The comparative figures were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 11 April 2019.

A handwritten signature in black ink, appearing to read 'Moore Stephens'.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

Petaling Jaya, Selangor
Date: 9 June 2020

A handwritten signature in black ink, appearing to read 'Stephen Wan Yeng Leong'.

STEPHEN WAN YENG LEONG
02963/07/2021 J
Chartered Accountant

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
Revenue	4	53,352,145	61,900,945
Cost of sales		<u>(38,814,278)</u>	<u>(44,432,804)</u>
Gross profit		14,537,867	17,468,141
Other income	5	254,361	365,139
Distribution expenses		(1,745,452)	(1,500,563)
Administrative expenses		(9,947,053)	(8,083,812)
Other expenses		(679,237)	(445,365)
Finance costs		<u>(32,092)</u>	<u>(84,935)</u>
Profit before tax	5	2,388,394	7,718,605
Income tax expense	6	<u>(765,399)</u>	<u>(1,435,927)</u>
Profit for the year, representing total comprehensive income for the year		<u>1,622,995</u>	<u>6,282,678</u>

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
ASSETS			
Non-current asset			
Plant and equipment	7	440,692	544,122
Current assets			
Inventories	8	3,133,354	3,248,459
Trade receivables	9	18,208,313	11,679,433
Other receivables	10	398,072	865,396
Amounts due from fellow subsidiaries	11	1,178,479	1,407,569
Tax recoverable		206,728	-
Short-term funds	12	2,274,063	8,271,629
Cash and bank balances	12	1,616,198	2,349,211
		<u>27,015,207</u>	<u>27,821,697</u>
TOTAL ASSETS		<u>27,455,899</u>	<u>28,365,819</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,000,000	1,000,000
Retained earnings		5,488,529	3,865,534
TOTAL EQUITY		<u>6,488,529</u>	<u>4,865,534</u>
Non-current liabilities			
Finance lease liability	14	-	3,751
Lease liabilities	15	25,145	-
Contract liabilities	16	-	14,664
		<u>25,145</u>	<u>18,415</u>

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
Current liabilities			
Trade payables	17	8,093,250	8,461,063
Other payables	18	1,938,357	1,719,873
Contract liabilities	16	1,582,338	1,337,492
Amount due to holding company	19	7,616,911	11,080,898
Amounts due to related companies	20	-	272,484
Amount due to a fellow subsidiary	21	25,266	-
Borrowing	22	1,675,000	-
Finance lease liability	14	-	25,421
Lease liabilities	15	11,103	-
Tax payable		-	584,639
		<u>20,942,225</u>	<u>23,481,870</u>
TOTAL LIABILITIES		<u>20,967,370</u>	<u>23,500,285</u>
TOTAL EQUITY AND LIABILITIES		<u>27,455,899</u>	<u>28,365,819</u>

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**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Share Capital RM	(Accumulated Loss)/ Retained Earnings RM	Total Equity RM
At 1 January 2018, as restated	1,000,000	(2,243,823)	(1,243,823)
Effect on adoption of MFRS 15	-	(173,321)	(173,321)
	1,000,000	(2,417,144)	(1,417,144)
Profit net of tax, representing total comprehensive income for the financial year	-	6,282,678	6,282,678
At 31 December 2018/1 January 2019	1,000,000	3,865,534	4,865,534
Profit net of tax, representing total comprehensive income for the financial year	-	1,622,995	1,622,995
At 31 December 2019	1,000,000	5,488,529	6,488,529

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**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	2019 RM	2018 RM
Cash Flows from Operating Activities		
Profit before tax	2,388,394	7,718,605
Adjustments for:		
Reversal of allowance for expected credit losses on trade receivables	(9,845)	(27,042)
Depreciation of plant and equipment	208,157	197,637
Gain on disposal of plant and equipment	-	(5,000)
Interest expense	32,092	84,935
Inventories written off	126,770	202,412
Inventories written down	528,952	240,903
Plant and equipment written off	-	2,050
Unrealised gain on foreign exchange	-	(30,427)
Bad debts written off	2,274	-
Interest income	(232,974)	(206,378)
Operating profit before changes in working capital	3,043,820	8,177,695
Changes in working capital:		
Inventories	(540,617)	(200,850)
Trade and other receivables	(6,053,985)	7,080,081
Trade and other payables	(421,813)	(2,263,011)
Contract liabilities	230,182	1,178,835
Holding company	(586,114)	(2,000,000)
Fellow subsidiaries	158,686	(11,011,239)
Related companies	-	294,319
Cash generated (used in)/generated from operations	(4,169,841)	1,255,830
Tax paid	(2,063,871)	(494,878)
Tax refunded	507,105	146,786
Net cash (used in)/from operating activities	(5,726,607)	907,738
Cash Flows from Investing Activities		
Acquisition of plant and equipment	(65,327)	(116,042)
Proceeds from disposal of plant and equipment	-	5,000
Interest received	232,974	206,378
Net cash from investing activities	167,647	95,336

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**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)**

	Note	2019 RM	2018 RM
Cash Flows from Financing Activities			
Interest paid		(32,092)	(84,935)
(Repayment to)/advances from holding company		(2,877,873)	10,007,200
Advance from/(repayment to) fellow subsidiaries		95,670	(475,337)
Advances from related companies		-	260
Drawdown/(repayment) of bankers' acceptance		1,675,000	(2,640,000)
Repayment of lease liabilities	A	<u>(32,324)</u>	<u>(104,977)</u>
Net cash (used in)/from financing activities		<u>(1,171,619)</u>	<u>6,702,211</u>
Net (decrease)/increase in cash and cash equivalents		(6,730,579)	7,705,285
Cash and cash equivalents at beginning of the financial year		<u>10,620,840</u>	<u>2,915,555</u>
Cash and cash equivalents at the end of the financial year	B	<u><u>3,890,261</u></u>	<u><u>10,620,840</u></u>

NOTES TO STATEMENT OF CASH FLOWS

(A) Cash outflow for leases as a lessee are as follows:

	2019 RM
Included in net cash (used in)/from operating activities:	
Interest paid in relation to lease liabilities	4,044
Payment related to lease:	
- Lease of low value asset	31,800
- Short term lease rental	190,200
Included in net cash (used in)/from financing activities:	
Payment for the principal portion of lease liabilities	<u>32,324</u>
	<u><u>258,368</u></u>

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**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF GF SPRITVEST FOR THE FYE 2019
(CONT'D)**

Registration No.: 199501019036 (348239-W)

GRAND-FLO SPRITVEST SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (cont'd)**

NOTES TO STATEMENT OF CASH FLOWS (cont'd)

(B) Reconciliation of movement of liabilities to cash flows arising from financing activities

	2019	2018
	RM	RM
Lease liabilities/Finance lease liability		
At the beginning of financial year	29,172	134,149
Repayment during the financial year	(32,324)	(104,977)
Drawdown during the financial year	39,400	-
At the end of the financial year	<u>36,248</u>	<u>29,172</u>

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