Registration No.: 199501019036 (348239-W)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1. CORPORATE INFORMATION

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at L1-1, Wisma Ehsan Bina, Jalan Kuchai Maju 12 (Jalan 1/116C), Kuchai Entrepreneur Park, 58200 Kuala Lumpur.

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.

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.

The financial statements were authorised for issue in accordance with a resolution of the Directors dated 9 June 2020.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int")

(i) Adoption of New MFRS, Amendments/Improvements to MFRSs and IC Int

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

The adoption of the above MFRSs, Amendments/Improvements to MFRSs and New IC Int did not have any significant effect on the financial statements of the Company except as described below:

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") (cont'd)

(i) **Adoption of New MFRS, Amendments/Improvements to MFRSs and IC Int** (cont'd)

MFRS 16 Leases

The Company has applied MFRS 16 Leases for the first time for the financial year beginning on 1 January 2019.

MFRS 16 replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under MFRS 117.

For lessee, MFRS 16 requires the recognition of a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 "Property, Plant and Equipment" whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lease that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The modified retrospective transition approach measures the lease liabilities based on the present value of future lease payments calculated using incremental borrowing rate at date of transition. Lease payments would be split into principal and interest payment, using the effective interest method. The modified retrospective approach requires the impact of the adoption to be included in the opening retained earnings on 1 January 2019. As such, comparative information was not restated and continues to reported under MFRS 117 and related interpretations.

The following practical expedients as permitted by the standards have been adopted:

- leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in the statement of comprehensive income on a straight-line basis over the life of the lease;

The adoption of MFRS 16 required the Company to make judgment on the discount rates used on transition to discount future lease payments (i.e. the Company's incremental borrowing rates). These rates have been calculated to reflect the underlying lease terms and observable inputs. The risk-free rate component has been based on Base Lending Rate over the same term as the lease and has been adjusted for credit risk.

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2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") (cont'd)

(i) Adoption of New MFRS, Amendments/Improvements to MFRSs and IC Int (cont'd)

MFRS 16 Leases (cont'd)

The effect arising from initial application of MFRS 16 on the statement of financial position of the Company as at 1 January 2019 as per below:

	Previously reported RM	Effect on adoption of MFRS 16 RM	Restated RM
1 January 2019			
Non-current liabilities			
Finance lease liabilities	3,751	(3,751)	-
Lease liabilities	-	3,751	3,751
Current liabilities			
Finance lease liabilities	25,421	(25,421)	-
Lease liabilities	-	25,421	25,421
	29,172	-	29,172

** No disclosure is required on the reconciliation for the difference between operating lease commitments as at 31 December 2018 and lease liabilities recognised at the date of initial application of 1 January 2019 as all the operating lease commitments are short term leases which end within 12 months.*

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Company has not adopted the following new MFRSs and Amendments/Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:-

Effective for financial periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (cont'd)

Effective for financial periods beginning on or after 1 June 2020

Amendment to MFRS 16	Covid-19-Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non Current
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts–Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018–2020 Cycle	

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture

The Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Company upon their initial applications.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Company's accounting policies.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

(i) Impairment of trade receivables – Expected Credit Loss model ("ECL")

The policy for allowance for impairment loss of the Company is based on the expected credit loss model as required by MFRS 9. Significant judgements are required in determining the impairment of trade receivables under the ECL model. Impairment losses are measured based on expected credit loss model are based on assumptions on the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the ECL model based on past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

(ii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the financial years presented in the financial statements of the Company.

(a) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

(b) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company perform;
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Revenue and other income recognition (cont'd)

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, net of indirect taxes.

Sales of goods

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

Service contracts

The Company recognises revenue from service contracts over time if it creates an asset with no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Agent fee income

When a revenue transaction involves a third party in providing goods or services to a customer, the Company determined its role as a party who arrange the third party to provide the underlying services directly to the customer (i.e., the Company is the agent in the transaction). Agent fee is recognised as revenue net of amounts collected on behalf of the principal.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Income tax

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(c) **Income tax** (cont'd)

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(d) **Employee benefits**

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial period in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(d) **Employee benefits** (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(e) **Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(f) **Leases**

Current financial year

As a lessee

The Company recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU assets are presented as part of the plant and equipment in the statement of financial position.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of plant and equipment.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) **Leases** (cont'd)

Current financial year (cont'd)

If ROU asset relates to a class of plant and equipment to which the lessee applies the revaluation model in MRFS 116, a lessee may elect to apply that revaluation model to all of the ROU assets that relate to that class of plant and equipment.

In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The Company applies MFRS 136 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in Note 3(l)(ii).

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Company is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

Previous financial year

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) **Leases** (cont'd)

Previous financial year (cont'd)

(iii) Operating lease

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

(g) **Plant and equipment**

Plant and equipment are initially recorded at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of plant and equipment at the following annual rates:

Furniture and fittings	8%
Office equipment	12%
Motor vehicles	16% - 20%
Renovation	8%
Computers	20%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks, cash on hand and short term funds that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Contract assets and liabilities

Contract assets and liabilities in goods and services contract represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Company issues billing to the customer. Contract assets are recognised as revenue when performance obligations are satisfied.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liabilities are the obligation to transfer goods or services to customers for which the Company has received the consideration or has billed the customer. In the case of services contract, contract liabilities are the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(k) Financial instrument

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial instrument

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets are subject to impairment assessment under Note 3(l)(i).

Financial liabilities

The category of financial liabilities at initial recognition is as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) Financial instrument

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(l) Impairment of assets

(i) Financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Company is measured on either of the following bases:

(i) 12-month ECL – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs- represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

Simplified approach - trade receivables and contract assets

The Company applies the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach - other financial instruments

The Company applies the general approach to provide for ECLs on all other financial instruments which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- The financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of assets (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of assets (cont'd)

(ii) Non-financial assets (cont'd)

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for assets in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(m) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

<u>Ordinary shares</u>

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(p) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liabilities takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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4. REVENUE

Revenue represents the Company's revenue from contracts with customers which are recognised at point in time and over time.

	2019 RM	2018 RM
Revenue from contracts with customers		
Sale of goods	43,408,170	53,019,791
Maintenance services	9,806,766	8,783,116
Agent fee	137,209	98,038
	53,352,145	61,900,945
Timing of revenue recognition		
Point in time	43,545,379	53,117,829
Over time	9,806,766	8,783,116
	53,352,145	61,900,945

Sales of goods - Automatic Identification and Data Capture (AIDC) solutions

The Company offered its customers comprehensive Automatic Identification and Data Capture (AIDC) solutions, which are at the forefront of Barcode and Radio Frequency Identification (RFID) technology. The solutions enable its customers manage and collaborate their data efficiently using barcode printers, handheld, RFID and scanning devices.

Revenue is recognised when the performance obligation ("PO") is satisfied upon the delivery of the products to the customers which requires customers' acknowledgement that the goods have been accepted by the customers. Payment is generally due within 30 – 120 days from the date the PO is satisfied.

Maintenance service income

The Company provides services such as the repairing, maintenance and replacement of equipment parts for its customers, which is on an annual service contract basis or a one-time off contract basis. The contract is comprised of a single PO and is satisfied over the contract period. Revenue of the services are recognised over time based on the contract, whilst revenue from the replacement of equipment parts are recognised at the point in time control of the goods is transferred.

Repair and maintenance services are considered as single PO and are not separately identifiable. The PO is satisfied upon the customer simultaneously receives and consumes the benefits provided by the Company's performance.

Agent fee income

The Company acting as an agent in certain maintenance and support services as the PO is limited to arranging or mediating the provision of services for another party. PO is satisfied upon the customers subscribed to the services to be satisfied by the principal.

4. REVENUE (cont'd)

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from maintenance services revenue:

	2019 RM	2018 RM
Total contract revenue, net	120,264	120,264
Less: Cumulative maintenance services revenue recognised, net	(105,600)	(46,945)
Aggregate amount of the transaction price allocated to maintenance services revenue that are partially or fully unsatisfied as at 31 December	14,664	73,319

The remaining unsatisfied performance obligations are expected to be recognised as below:

	2019 RM	2018 RM
Within 1 year	14,664	58,655
Between 1 to 2 years	-	14,664
	14,664	73,319

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5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):-

	Note	2019 RM	2018 RM
Auditors' remuneration:			
- Current year		38,000	23,000
Bad debts written off		2,274	-
Depreciation of plant and equipment		208,157	197,637
Employee benefits expense	(a)	8,924,599	7,485,470
Gain on disposal of plant and equipment		-	(5,000)
Interest income on:-			
- Bank balances		(29,537)	(42,395)
- Short-term funds		(203,437)	(163,983)
Interest expense on:-			
- Lease liabilities		4,044	-
- Finance lease liability		-	10,564
- Bankers' acceptance		23,048	69,362
- Bank overdraft commitment fees		5,000	5,009
Inventories written off		126,770	202,412
Inventories written down		528,952	240,903
Plant and equipment written off		-	2,050
Realised loss/(gain) on foreign exchange		11,973	(96,292)
Reversal of allowance for doubtful debts		(9,845)	(27,042)
Rental of premises		222,000	221,400
Unrealised gain on foreign exchange		-	(30,427)

(a) Employee benefits expense

	2019 RM	2018 RM
Staff costs		
Salaries, bonuses and allowances	5,256,708	4,583,424
Contributions to defined contribution plan	783,680	652,713
Social security contributions	64,925	61,404
Staff commission	918,334	683,389
Other benefits	202,990	186,084
	7,226,637	6,167,014

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5. PROFIT BEFORE TAX (cont'd)

(a) Employee benefit expenses (cont'd)

	2019 RM	2018 RM
Directors' remuneration		
Salaries	836,030	701,400
Bonus	681,000	472,001
Contributions to defined contribution plan	178,700	143,208
Social security contributions	2,003	1,657
Contributions to employee insurance system	229	190
	1,697,962	1,318,456
	8,924,599	7,485,470

6. INCOME TAX EXPENSE

	2019 RM	2018 RM
Income tax:		
- Current year	978,564	1,582,713
- Overprovision in prior year	(213,165)	(146,786)
	765,399	1,435,927

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

The reconciliations from the tax amount at statutory income tax rate to the Company's tax expense are as follows:

	2019 RM	2018 RM
Profit before tax	2,388,394	7,718,605
Tax at the Malaysian statutory income tax rate of 24%	573,215	1,852,465
Tax effect on non-deductible expenses	81,406	167,641
Utilisation of deferred tax assets not recognised	-	(423,600)
Deferred tax assets not recognised	323,943	-
Income not subject to income tax	-	(13,793)
Overprovision of income tax in prior year	(213,165)	(146,786)
Tax expense for the year	765,399	1,435,927

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7. PLANT AND EQUIPMENT

	Computers RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
2019						
Cost						
At 1 January 2019	411,109	60,798	28,713	903,737	77,833	1,482,190
Additions	29,288	8,200	-	67,239	-	104,727
At 31 December 2019	440,397	68,998	28,713	970,976	77,833	1,586,917
Accumulated depreciation						
At 1 January 2019	311,887	29,590	9,685	546,511	40,395	938,068
Charge for the financial year	38,102	6,429	2,297	155,102	6,227	208,157
At 31 December 2019	349,989	36,019	11,982	701,613	46,622	1,146,225
Net carrying amounts						
At 31 December 2019	90,408	32,979	16,731	269,363	31,211	440,692

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7. PLANT AND EQUIPMENT (cont'd)

	Computers RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
2018						
Cost						
At 1 January 2018	367,016	57,213	28,713	878,418	77,833	1,409,193
Additions	47,093	3,585	-	65,364	-	116,042
Disposals	-	-	-	(40,045)	-	(40,045)
Written off	(3,000)	-	-	-	-	(3,000)
At 31 December 2018	411,109	60,798	28,713	903,737	77,833	1,482,190
Accumulated depreciation						
At 1 January 2018	273,288	23,785	7,388	442,797	34,168	781,426
Charge for the financial year	39,549	5,805	2,297	143,759	6,227	197,637
Disposals	-	-	-	(40,045)	-	(40,045)
Written off	(950)	-	-	-	-	(950)
At 31 December 2018	311,887	29,590	9,685	546,511	40,395	938,068
Net carrying amounts						
At 31 December 2018	99,222	31,208	19,028	357,226	37,438	544,122

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7. PLANT AND EQUIPMENT (cont'd)

(i) Asset held under finance lease

The carrying amount of motor vehicle acquired under finance lease arrangement at 31 December 2018 was RM27,561 and are pledged as security for the related finance lease liability.

(ii) Asset held in trust

The Company owns a motor vehicle with carrying amount of RM158,499 (2018: RM277,374) being registered under the name of a Director.

(iii) Acquisition of plant and equipment are satisfied by the following:

	2019 RM	2018 RM
Cash	65,327	116,042
Financed by lease arrangements	39,400	-
Total acquisition of plant and equipment	104,727	116,042

(iv) The net carrying amount of ROU assets recognised by the Company is as follows:

	2019 RM	2018 RM
Net carrying amount		
Motor vehicles	49,328	-

The depreciation on right of use assets recognised by the Company for the financial year ended 31 December 2019 is RM20,207.

8. INVENTORIES

	2019 RM	2018 RM
At cost:		
Finished goods	2,247,531	2,569,403
Spare parts	885,823	679,056
	3,133,354	3,248,459

(i) The Company recognised inventories as cost of sales amounted to RM37,426,083 (2018: RM43,055,601).

(ii) The Company has written down inventories of RM528,952 (2018: RM240,903) which was recognised as an expense under the line "other expenses" in the statement of comprehensive income.

(iii) The Company has written off inventories of RM126,770 (2018: RM202,412) which was recognised as an expense under the line "other expenses" in the statement of comprehensive income.

9. TRADE RECEIVABLES

	2019 RM	2018 RM
Trade receivables, gross	18,439,605	11,920,570
Less: Allowance for impairment loss	(231,292)	(241,137)
Trade receivables, net	18,208,313	11,679,433

The normal credit terms of trade receivables of the Company range from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The movement in the impairment loss during the financial year is shown below.

	2019 RM	2018 RM
At 1 January	241,137	268,179
Reversal of impairment loss	(9,845)	(27,042)
At 31 December	231,292	241,137

10. OTHER RECEIVABLES

	2019 RM	2018 RM
Non-trade receivables	17,576	19,301
Deposits	83,359	80,122
Prepayments	23,835	13,946
Goods and Services Tax ("GST") receivable	-	252,099
Advance billing from subcontractors	273,302	499,928
	398,072	865,396

11. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	Note	2019 RM	2018 RM
Trade	(i)	369,331	528,017
Non-trade	(ii)	809,148	879,552
		1,178,479	1,407,569

(i) The amounts due from fellow subsidiaries are trade in nature, unsecured, interest free and is subject to normal credit terms.

(ii) The amounts due from fellow subsidiaries arising from non-trade transactions which are unsecured, interest free and are repayable on demand.

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12. CASH AND CASH EQUIVALENTS

	2019 RM	2018 RM
Cash and bank balances	1,616,198	2,349,211
Short-term funds	2,274,063	8,271,629
	3,890,261	10,620,840

The short term funds bear interest rates range from 2.66% to 3.51% (2018: 2.66% to 3.51%) per annum.

Short-term funds represent investment in highly liquid money market instrument and fixed income instrument with financial institution in Malaysia. The short-term funds are subject to an insignificant risk of change in value. The distribution income from these funds is tax exempted and is being treated as interest income by the Company.

13. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019 Unit	2018 Unit	2019 RM	2018 RM
Issued and fully paid				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

14. FINANCE LEASE LIABILITY

	2018 RM
Future minimum lease payments:	
Within 1 year	28,817
More than 1 year and less than 2 years	3,800
	32,617
Less: Future finance charges	(3,445)
Present value of finance lease liability	29,172
Present value of finance lease liability:	
Within 1 year	25,421
More than 1 year and less than 5 years	3,751
	29,172

14. FINANCE LEASE LIABILITY (cont'd)

	2018 RM
Represented by:	
Current liability	25,421
Non-current liability	3,751
	29,172

The finance lease liability of the Company bears effective interest rate of 6.77% per annum.

15. LEASE LIABILITIES

The aggregate commitment for future lease liabilities are as follows:

	2019 RM
Minimum lease payments:	
Within 1 year	12,860
More than 1 year and less than 5 years	27,614
	40,474
Less: Future finance charges	(4,226)
Present value of lease liabilities	36,248
Present value of lease liabilities:	
Within 1 year	11,103
More than 1 year and less than 5 years	25,145
	36,248
Represented by:	
Current liabilities	11,103
Non-current liabilities	25,145
	36,248

The lease liabilities of the Company bear effective interest rates ranging from 5.63% to 6.77% per annum.

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16. CONTRACT LIABILITIES

	2019 RM	2018 RM
- Repair and maintenance services	967,374	122,229
- Sales deposits received	614,964	1,229,927
	1,582,338	1,352,156

Contract liabilities primarily relate to amount billed to customer before a related performance obligation is satisfied by the Company.

(a) The movement of contract liabilities during the year is as follows:

	2019 RM	2018 RM
At 1 January	1,352,156	-
Effect on adoption of MFRS 15	-	173,321
Advance billing during the year	1,024,923	122,229
Sales deposit received during the year	-	1,229,927
Recognised as revenue during the year	(794,741)	(173,321)
At 31 December	1,582,338	1,352,156
Analysed as:-		
- Current	1,582,338	1,337,492
- Non-current	-	14,664

17. TRADE PAYABLES

The normal trade credit term granted to the Company is 30 days (2018: 30 days).

18. OTHER PAYABLES

	2019 RM	2018 RM
Other payables	41,942	333,664
Accruals	1,838,133	1,359,404
Sales and Service Tax/GST payables	58,282	26,805
	1,938,357	1,719,873

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19. AMOUNT DUE TO HOLDING COMPANY

	Notes	2019 RM	2018 RM
Trade	(i)	-	586,114
Non-trade	(ii)	7,616,911	10,494,784
		7,616,911	11,080,898

(i) The amount due to holding company is trade in nature, unsecured, interest free and subject to normal credit terms. Significant related parties transactions are disclosed in Note 24.

(ii) The amount due to holding company arising from non-trade transactions is unsecured, interest free advance which is repayable on demand.

20. AMOUNTS DUE TO RELATED COMPANIES

Amounts due to related companies are trade in nature, unsecured, interest free with credit term of nil (2018: 30 days).

21. AMOUNT DUE TO A FELLOW SUBSIDIARY

Amount due to a fellow subsidiary is non-trade in nature, unsecured, interest free and is repayable on demand.

22. BORROWING

The bankers' acceptance bear effective interest rates with the range between 5.00% to 5.20% (2018: Nil) per annum.

23. DEFERRED TAXATION

This is in respect of estimated deferred tax liability/(asset) arising from temporary differences as follows:

	2019 RM	Restated 2018 RM
Deferred tax liability		
Temporary differences arising from carrying amount of plant and equipment and its tax base	29,714	26,236
Deferred tax asset		
Other temporary differences	(29,714)	(26,236)
	-	-

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23. DEFERRED TAXATION (cont'd)

The estimated amount of temporary differences for which no deferred tax asset is recognised in the financial statements are as follows:

	2019 RM	Restated 2018 RM
Other temporary differences	2,788,998	1,439,236

The comparative figure has been restated to reflect the actual temporary differences carried forward available to the Company.

24. RELATED PARTIES DISCLOSURES

Identify of related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with its holding company, fellow subsidiaries and related companies. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

Related party transactions

The related party balances are shown in Notes 11, 19, 20 and 21. The related party transactions of the Company are shown below.

	2019 RM	2018 RM
Holding company		
Repayment to (trade)	(586,114)	(2,000,000)
(Repayment to)/advances from (non-trade)	(2,877,873)	10,007,200
Related companies		
Sales to	-	(2,350,843)
Purchases from	-	2,877,276
Repayment to	-	(231,854)

24. RELATED PARTIES DISCLOSURES (cont'd)

Related party transactions (cont'd)

	2019 RM	2018 RM
Fellow subsidiaries		
Sales to	(30,794)	(502,924)
Purchases from	6,770	45,869
Repayment from/(to)	323,518	(11,029,521)
Advances to	(70,404)	-
Transfer of motor vehicles from	25,266	-

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel refers to all the Directors of the Company.

The remuneration of Directors of the Company are disclosed in Note 5(a).

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Company's financial assets and financial liabilities are all categorised as amortised costs respectively.

Financial Risk Management Objectives and Policies

The Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk, interest rate risk, liquidity risk and foreign currency risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables (which consist of trade receivables and other receivables) and amount due from a fellow subsidiaries and a related company.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Company's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the trade receivables are credit impaired.

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The Company determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 December 2019, the Company has significant concentration of credit risk arising from the amount owing by 6 customers (2018: 6 customers) constituting 74% (2018: 64%) of gross trade receivables of the Company.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 365 days (i.e. observation period) from invoice date are deemed to have higher credit risk. The Company has subsequently recognised a loss allowance of 100% against all receivables after 365 days of observation periods (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

The Company applies the simplified approach to provide for expected credit losses for all its trade receivables.

The Company assesses impairment of trade receivables on individual basis. Individual assessment is used due to these debtors can be individually managed by the Company in an effective and efficient manner. The Company has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

Loss rates of 100% against all trade receivables over observation period are determined based on actual credit loss experienced over the prior years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

Consistent with the debt recovery process, the Company has set an observation period of 365 days from the date of invoices, balances which are past due after the observation period will be considered as credit impaired.

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25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Impairment loss

The following table provides information about the exposure to credit risk and ECLs for trade receivables including amounts due from related companies as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross RM	Loss Allowance RM	Net RM
2019			
Neither past due nor impaired	9,504,333	-	9,504,333
Past due and impaired:			
Less than 30 days	2,202,944	-	2,202,944
31 days to 60 days	298,966	-	298,966
61 days to 90 days	48,015	-	48,015
More than 90 days	6,154,055	-	6,154,055
	8,703,980	-	8,703,980
	18,208,313	-	18,208,313
Credit impaired			
Individually impaired	231,292	(231,292)	-
Total	18,439,605	(231,292)	18,208,313

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25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Impairment loss (cont'd)

	Gross RM	Loss Allowance RM	Net RM
2018			
Neither past due nor impaired	4,547,757	-	4,547,757
Past due and impaired:			
Less than 30 days	5,776,815	-	5,776,815
31 days to 60 days	614,377	-	614,377
61 days to 90 days	304,960	-	304,960
More than 90 days	435,524	-	435,524
	7,131,676	-	7,131,676
	11,679,433	-	11,679,433
Credit impaired			
Individually impaired	241,137	(241,137)	-
Total	11,920,570	(241,137)	11,679,433

Credit impaired

Trade receivables that are collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments after observation periods. These receivables are not secured by any collateral or credit enhancements.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Company.

Receivables that are past due but not impaired

The Company has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable. The Company has generally set the 365 days as observation period from the invoice date. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default and settled within observation period. The Company does not hold any collateral or other credit enhancement over these balances.

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Amounts due from fellow subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company enters in to trade transactions (sales) with and provides unsecured loans and advances to its fellow subsidiaries. The Company monitors the ability of the fellow subsidiaries to repay the outstanding amount on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from fellow subsidiaries is represented by the carrying amount in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Amounts due from fellow subsidiaries on trade transactions is subject to normal credit term. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Company considers loans and advances to fellow subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the fellow subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the fellow subsidiaries' loans and advances when they are payable, the Company considers fellow subsidiaries' loan or advance to be credit impaired when the fellow subsidiaries' are unlikely to repay the loan or advances to the Company in full given insufficient highly liquid resources when the loan is demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at year end, there were no indications of impairment loss in respect of amounts due from fellow subsidiaries.

Other receivables and deposits

Other receivables and deposits are neither past due nor impaired. The Company believes that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these other receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2019 RM	**2018 RM**
Floating rate instruments:		
Financial assets		
- Short term funds	2,274,063	8,271,629

The Company is exposed to interest rate risk through the impact of rate changes in floating rate of short term funds. The interest rates of short term funds are disclosed in Note 12. The changes in interest rates would not have material impact on the profit/(loss) after tax of the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Company's exposures to liquidity risk arise primarily from mismatch of financial assets and liabilities. The Company's financial liabilities comprise trade payables, other payables, amount due to holding company, related companies and a fellow subsidiary and borrowings.

The Company practices prudent risk management by monitoring the availability of funding through maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Company maintains sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet its working capital requirement.

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25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM
2019					
Amount due to holding company	7,616,911	7,616,911	7,616,911	-	-
Amount due to a fellow subsidiary	25,266	25,266	25,266	-	-
Lease liabilities	36,248	40,474	12,860	9,888	17,726
Borrowing	1,675,000	1,696,292	1,696,292	-	-
Trade payables	8,093,250	8,093,250	8,093,250	-	-
Other payables	1,938,357	1,880,075	1,880,075	-	-
	19,385,032	19,352,268	19,324,654	9,888	17,726

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM
2018					
Amount due to holding company	11,080,898	11,080,898	11,080,898	-	-
Amounts due related companies	272,484	272,484	272,484	-	-
Finance lease liability	29,172	32,617	28,817	3,800	-
Trade payables	8,461,063	8,461,063	8,872,281	-	-
Other payables	1,719,873	1,693,068	1,693,068	-	-
	21,563,490	21,540,130	21,947,548	3,800	-

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25. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk is Euro (EUR) and United Stated Dollars (USD).

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than functional currency of the Company) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in USD RM	EUR RM	Total RM
2019			
Trade receivables	1,230,682	-	1,230,682
Cash and bank	5,633	-	5,633
Trade payables	(574,209)	-	(574,209)
	662,106	-	662,106
2018			
Trade receivables	1,646,495	-	1,646,495
Cash and bank	14,808	-	14,808
Trade payables	(2,084,352)	(15,546)	(2,099,898)
	(423,049)	(15,546)	(438,595)

A strengthening/weakening of the RM against the USD and EUR respectively at the end of the reporting period would not have material impact on the profit after tax of the Company

26. FAIR VALUES INFORMATION

Financial instrument at fair value

As the financial assets and liabilities of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of financial assets and liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and insignificant impact of discounting.

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26. FAIR VALUES INFORMATION (cont'd)

Financial instrument other than those carried at fair value (cont'd)

The fair value of finance lease liabilities is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period. At the reporting date, the carrying value as compared to fair value of the finance lease liability is not materially different.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company monitors capital using net debt-to-equity ratio which is the net debts divided by total equity. Net debts include finance lease liability, lease liabilities and borrowings, less cash and cash equivalents whilst total equity is equity attributable to Owners of the Company.

The net debt-to-equity ratio as at the end of the reporting period are as follows:

	2019 RM	2018 RM
Finance lease liability (Note 14)	-	29,172
Lease liabilities (Note 15)	36,248	-
Borrowing (Note 22)	1,675,000	-
Less: Cash and cash equivalents	(3,890,261)	(10,620,840)
Total net debts	(2,215,261)	(10,591,668)
Total equity	6,488,529	4,865,534
Debt to equity ratio	*	*

**Not meaningful*

There were no changes in the Company's approach to capital management during the financial year.

The Company is in compliance with all externally imposed capital requirements

28. COMPARATIVE FIGURES

(i) The financial statements of the Company for the financial year ended 31 December 2018 were audited by a firm of chartered accountants other than Moore Stephens Associates PLT.

28. COMPARATIVE FIGURES (cont'd)

(ii) The comparative figures are reclassified to conform with the current year's presentation.

	As previously reported RM	Reclassification RM	As restated RM
2018			
Statement of comprehensive income			
Revenue	53,467,125	(349,296)	53,117,829
Cost of sales	(44,782,100)	349,296	(44,432,804)
Statement of financial position			
Current assets			
Other receivables	1,276,614	(411,218)	865,396
Short term funds	-	8,271,629	8,271,629
Cash and bank balances	3,515,845	(1,166,634)	2,349,211
Fixed deposits placed with licensed banks	7,104,995	(7,104,995)	-
Current liabilities			
Trade payables	8,872,281	(411,218)	8,461,063

29. EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Coronavirus (Covid-19) outbreak

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in Malaysia. The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in Malaysia and markets in which the Company operates.

Due to this unprecedented occurrence, up to the date on which this set of financial statements were authorised for issue, the Company is still in the process of assessing the impacts of the COVID-19 on the performance of the relevant CGUs. In view of the uncertain of macro-economic conditions, the Company is unable to reasonably quantify the related financial effects for the financial year ending 31 December 2020 to be disclosed in current financial statement. The Company will continuously monitor and to take appropriate and timely measures to minimise any impact of the outbreak that might arises.

Given that the Covid-19 pandemic that only came into light in early 2020, the related impacts are considered non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Thus, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to the Vendor and GF Spritvest were obtained from the information provided by the Vendor and GF Spritvest, respectively. Therefore, the responsibility of the Directors of the Company is restricted to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST

AIBB, being the Principal Adviser to the Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name in this Circular and all references thereto in the form and context in which it appears in this Circular.

Save as disclosed below, AIBB is not aware of any situation or potential situation that will give rise to a conflict or potential conflict of interest in AIBB's capacity to act as the Adviser to Radiant Globaltech for the Proposals.

As at the LPD, Alliance Bank Malaysia Berhad, the holding company of AIBB, and its subsidiaries ("**ABMB Group**") has extended credit facilities to Radiant Globaltech Group. AIBB is of the opinion that the financial relationship with Radiant Globaltech Group as mentioned above will not give rise to a conflict of interest situation for AIBB to act as the Adviser to Radiant Globaltech, based on the following:

(i) The total credit facilities granted by ABMB Group are not material when compared to the shareholders' funds of ABMB Group as at 31 March 2020 of RM5.989 billion;

(ii) The credit facilities were not granted by AIBB. The conduct of the ABMB Group in its banking business is strictly regulated by the Financial Services Act 2013 and its own internal controls and checks. As such, the decision of AIBB is independent from the decision of other entities within the ABMB Group; and

(iii) Further, the credit facilities granted to Radiant Globaltech Group is part of the ordinary course of business of ABMB Group.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise, and our Board is not aware of any proceedings pending or threatened against Radiant Globaltech, or its subsidiaries or of any facts likely to give rise to any proceedings which may materially or adversely affect the position or business of Radiant Globaltech and/or any of its subsidiaries.

4. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group, which may have a material effect on the financial results or financial position of the Group.

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Radiant Globaltech Group, which upon becoming enforceable, may have a material impact on the financial position of Radiant Globaltech Group.

6. MATERIAL CONTRACTS

Save for the SSA and the Shareholders Agreement, and as disclosed below, the Radiant Globaltech Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this Circular:

(i) shareholders agreement dated 8 January 2020 between Radiant Globaltech, Simat Technologies Public Company Limited, Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa for the purposes of regulating their relationships as shareholders of Rgtech Simat Co. Ltd;

(ii) share sale agreement dated 19 December 2018 between Radiant Globaltech and Chong Jen Tsin for the acquisition of 650,000 ordinary shares in Infoconnect Commerce Sdn Bhd, representing the entire equity interest, for a total purchase consideration of RM650,000 via cash. The share sale agreement was completed on 3 January 2019;

(iii) share sale agreement dated 19 December 2018 between Radiant Globaltech and Iconpos Sdn Bhd for the acquisition of 1,400,000 ordinary shares in Adaptive Pos Sdn Bhd, representing 70% equity interest, for a total purchase consideration of RM1,400,000 via cash. The share sale agreement was completed on 3 January 2019; and

(iv) sale and purchase agreement dated 30 August 2019 between Radiant Globaltech and Paramount Properties Sdn Bhd ("**Paramount**") in relation to the sale of Unit 03-01, Level 03, Tower B, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur by Paramount to Radiant Globaltech for a total purchase consideration of RM1,602,620.00. The sale and purchase agreement was completed on 29 November 2019.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be made available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for the period commencing from the date of this Circular up to and including the date of the EGM of the Company:

(i) Constitution of Radiant Globaltech and GF Spritvest;

(ii) Material contracts referred to in Section 6 of this Appendix;

(iii) A copy of the SSA and Shareholders Agreement;

(iv) The audited financial statements of GF Spritvest for the past two (2) FYE 2018 up to the FYE 2019, as well as its unaudited 6-month FPE 2020;

(v) The audited consolidated financial statements of Radiant Globaltech for the past two (2) FYE 2018 up to the FYE 2019, as well as its latest unaudited consolidated quarterly results for the 6-month FPE 2020; and

(vi) The letter of consent referred to in Section 2 of this Appendix.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Radiant Globaltech Berhad ("**Radiant Globaltech**" or the "**Company**") 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 following resolutions, with or without modifications:

ORDINARY RESOLUTION 1

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 ("VENDOR"), FOR A TOTAL CASH CONSIDERATION OF RM11,600,000 ("PROPOSED ACQUISITION")

"**THAT,** subject to the fulfilment of conditions precedent and the approvals of the relevant authorities being obtained, where required, approval is hereby given for the Company:

(a) to acquire 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, subject to and upon the terms and conditions as set out in the conditional share sale agreement dated 10 September 2020 entered into between the Company and the Vendor;

(b) to enter into a shareholders agreement with Jejaka 7 Capital Sdn Bhd ("**Jejaka**"), Cheng Ping Liong and GF Spritvest to amongst others, regulate the rights, obligations and liabilities of Radiant Globaltech and Jejaka as shareholders of GF Spritvest as set out in the shareholders' agreement dated 10 September 2020; and

(c) to provide financial assistance to GF Spritvest in the form of corporate guarantee and indemnities to be furnished to GF Spritvest on the terms set out in Section 2.4 of the Circular to shareholders of the Company dated 8 October 2020;

AND THAT the Directors be and are hereby empowered and authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Acquisition with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may in their absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Acquisition."

ORDINARY RESOLUTION 2

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

"THAT subject to the passing of Ordinary Resolution 1, the approval be and is hereby given to the Company to vary the utilisation of the proceeds of up to RM11,480,000 raised from the IPO which was completed on 24 July 2018 to the manner and extent as set out in Section 3 of the Circular to shareholders of the Company dated 8 October 2020;

AND THAT the Directors be and are hereby authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Variation with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may in their absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Variation."

By Order of the Board
RADIANT GLOBALTECH BERHAD

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
8 October 2020

Notes:

(a) *A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the EGM in his/her stead. Where a member appoints more than (1) proxy, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.*

(b) *A proxy may but need not be a member of the Company. A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the members to speak at the EGM.*

(c) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(d) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*

(e) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*

(f) To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated 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 for holding the EGM or adjourned meeting.

(g) For the purpose of determining a member who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 October 2020. Only members whose name appears in the Record of Depositors as at 16 October 2020 shall be entitled to attend the EGM and to participate, speak and vote thereat.

(h) The resolutions set out in this Notice of EGM will be put to vote by poll.

(i) The members are advised to refer to the Administrative Notes on the registration process for the EGM.

(j) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at www.rgtech.com.my for the latest updates on the status of the EGM.

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

ADMINISTRATIVE NOTES FOR THE EGM:

Day, Date & Time	:	Friday, 23 October 2020 at 10:30 a.m. or at any adjournment thereof
Venue	:	Majestic 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, Tasik Perdana, 50000 Kuala Lumpur, Wilayah Persekutuan

Your health and safety are the Company's top priority. The following precautionary measures will be taken at the EGM in order to minimise the risk of community spread of COVID-19 pandemic:-

(a) A member is required to register ahead of the EGM to allow the Company to make the necessary arrangements in relation to the EGM, i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants.

Please read and follow the procedures to pre-register your physical attendance at the EGM via the TIIH Online website at https://tiih.online:

- Login to TIIH Online website with your user name (i.e. email address) and password under the "**e-Services**". If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on the homepage for assistance to sign up.
- Select the corporate event: **"(REGISTRATION) RADIANT EGM"**.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Select **"Register for Physical Attendance at Meeting Venue"**.
- Review your registration and proceed to register.
- System will send an email to notify that your registration for Physical Attendance at Meeting Venue is received and will be verified.
- After verification of your registration against the General Meeting Record of Depositors, the system will send you an email **after 21 October 2020** to approve or reject your registration to attend physically at the Meeting Venue.

(b) A health screening counter will be set up for the purpose of health screening and body temperature will be taken for all persons before entering the meeting venue. A member or proxy who has temperature of 37.5°C or higher or exhibits flu-like symptoms will not be permitted to enter and attend the EGM.

(c) Members are encouraged to appoint the Chairman of the EGM (or any other person) to act as proxy to attend and vote at the EGM on their behalf by submitting the proxy form with predetermined voting instruction.

(d) In the interest of the public health including the well-being of our members, should the members or proxies wish to attend the EGM in person, the members or proxies must cooperate with the precautionary measures put in place by the Company. The Company will observe the directives, safety and precautionary requirements as prescribed by the Government, amongst others, the Ministry of Health, the Malaysian National Security Council, the Securities Commission Malaysia and other relevant authorities to curb the spread of COVID-19.

(e) Members or proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the EGM in person. Please note that no face mask will be provided at the venue.

(f) Members or proxies are advised to observe/maintain social distancing of at least 1 meter from each other throughout the EGM.

(g) Members or proxies are advised to arrive early at the EGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.

(h) **NO Door Gifts** will be provided to the members/proxies at the meeting venue.

(i) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our EGM at short notice. Kindly check Bursa Malaysia Securities Berhad’s and Company’s website at www.rgtech.com.my for the latest updates on the status of the EGM.

RECORDING/PHOTOGRAPHY

By participating at the EGM, you agree that no part of the EGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

RECORD OF DEPOSITORS FOR THE EGM

The date of Record of Depositors for the EGM is 16 October 2020. As such, only members whose name appears in the Record of Depositors of Radiant Globaltech as at 16 October 2020 shall be entitled to attend the EGM and to participate, speak and vote thereat.

ENQUIRY

If you have any general queries prior to the EGM, please contact the Share Registrar during office hours (Monday to Friday except public holidays) at:

Tricor Investor & Issuing House Sdn. Bhd.
Tel No.: +60(3) 2783 9299
Email: is.enquiry@my.tricorglobal.com

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

FORM OF PROXY

CDS Account No.
No. of Shares held

I/We,…………………………………………NRIC/Passport/RegistrationNo.: ………………………………
(Full name in block)
of ……
(Address)
being a member/members of Radiant Globaltech Berhad, hereby appoint(s):

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("**EGM**") of the Company to 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.

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her* discretion.

No.	**Ordinary Resolutions**	**FOR**	**AGAINST**
1.	Proposed Acquisition		
2.	Proposed Variation		

**delete whichever not applicable*

Dated this………..day of …………………………, 2020

Signature(s) of member(s)

Notes:

(a) A member of the Company who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the EGM in his/her stead. Where a member appoints more than (1) proxy, the member shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend, participate, speak and vote at the EGM shall have the same rights as the members to speak at the EGM.

(c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

*(d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*

(e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(f) To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company situated 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 for holding the EGM or adjourned meeting.

(g) For the purpose of determining a member who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 October 2020. Only members whose name appears in the Record of Depositors as at 16 October 2020 shall be entitled to attend the EGM and to participate, speak and vote thereat.

(h) The resolutions set out in this Notice of EGM will be put to vote by poll.

(i) The members are advised to refer to the Administrative Notes on the registration process for the EGM.

(j) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at www.rgtech.com.my for the latest updates on the status of the EGM.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
RADIANT GLOBALTECH BERHAD
(Registration No. 200301018877 (621297-A))
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Wilayah Persekutuan

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