

ANNUAL REPORT 2020



RADIANT
GLOBALTECH

RADIANT GLOBALTECH BERHAD

[Registration No. 200301018877 (621297-A)] (Incorporated in Malaysia)

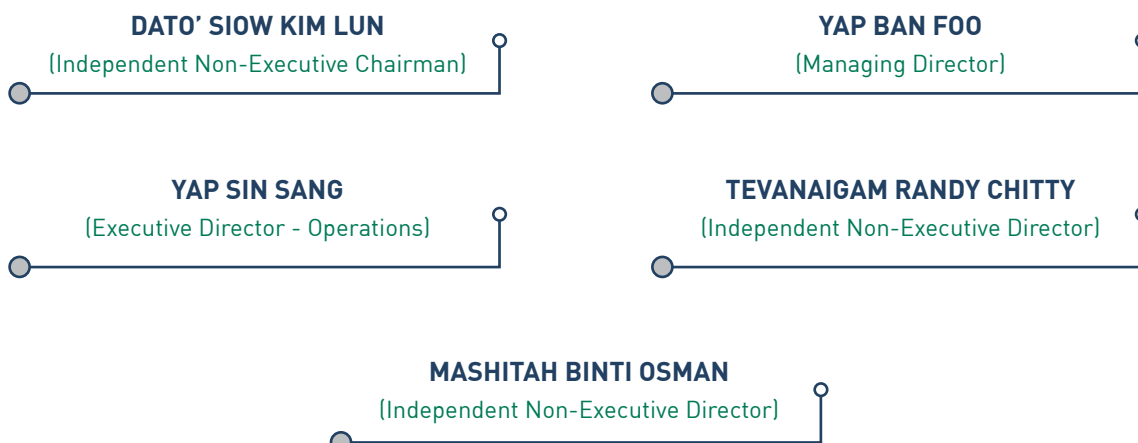
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Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS



COMPANY SECRETARY

Tea Sor Hua (MACS 01324)
SSM PC No. 201908001272

AUDIT COMMITTEE

Tevanaigam Randy Chitty
(Chairman)
Dato' Siow Kim Lun (Member)
Mashitah Binti Osman (Member)

NOMINATION AND REMUNERATION COMMITTEE

Mashitah Binti Osman
(Chairperson)
Dato' Siow Kim Lun (Member)
Tevanaigam Randy Chitty (Member)

RISK MANAGEMENT COMMITTEE

Tevanaigam Randy Chitty
(Chairman)
Dato' Siow Kim Lun (Member)
Mashitah Binti Osman (Member)

AUDITORS

Crowe Malaysia PLT
(LLP0018817-LCA & AF1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No. : (03) 2788 9999
Fax No. : (03) 2788 9998

SHARE REGISTRAR

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
Telephone No. : (03) 2783 9299
Fax No. : (03) 2783 9222

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : (03) 7725 1777
Fax No. : (03) 7722 3668

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad

HEAD OFFICE

Unit 03-06 & 03-07, Level 3,
Tower B
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : (03) 2242 2059
Fax No. : (03) 2732 9979
Email address : ir@rgtech.com.my

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : RGTECH
Stock Code : 0202
www.rgtech.com.my

SPONSOR

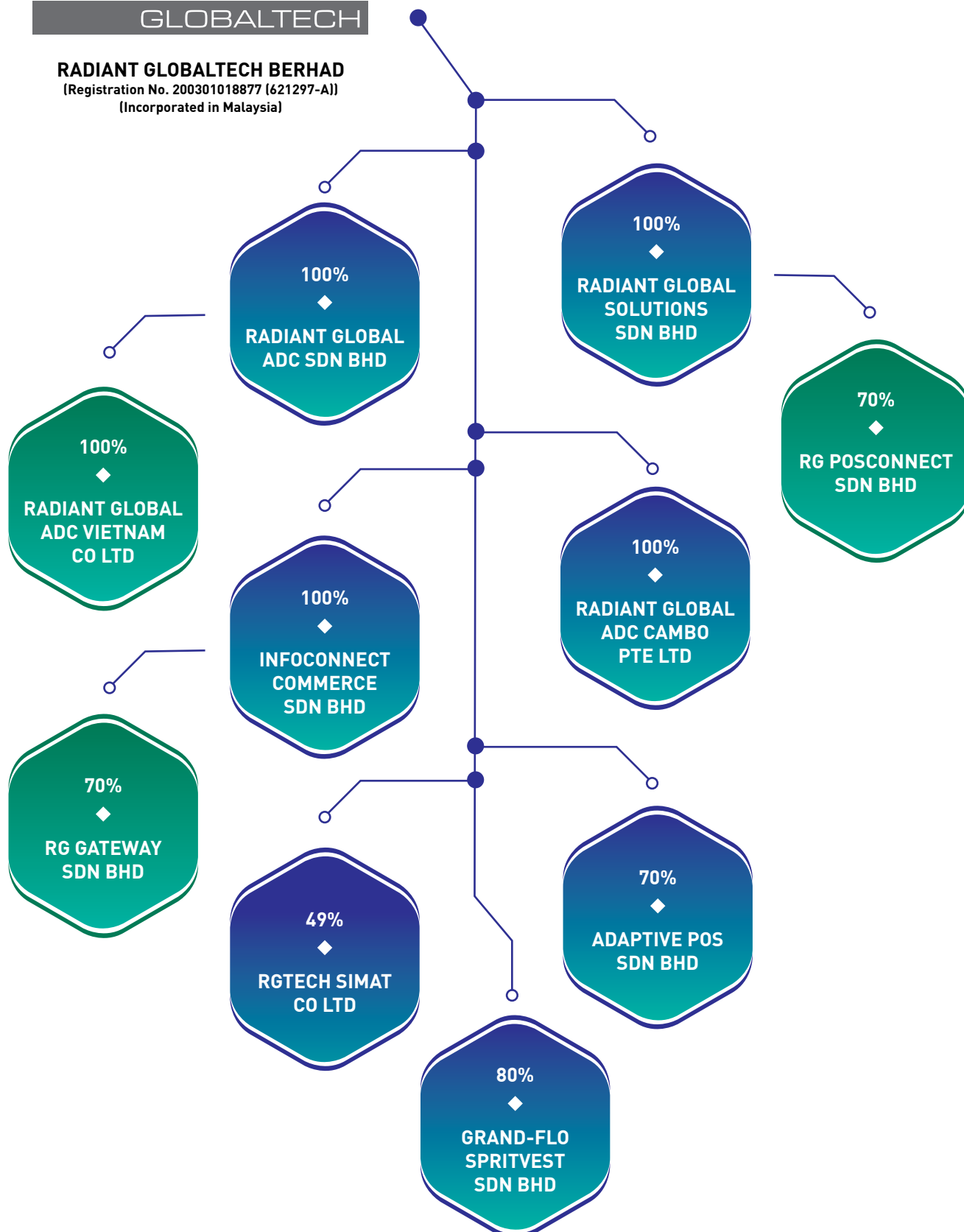
Alliance Investment Bank Berhad
Level 3, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : (03) 2604 3333
Fax No. : (03) 2691 9028

CORPORATE STRUCTURE

RADIANT

GLOBALTECH

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



FINANCIAL HIGHLIGHTS

SUMMARISED GROUP RESULTS

	2018	2019	2020
Revenue	61,876	81,959	76,134
Gross Profit	27,866	30,003	26,676
EBITDA	5,350	9,649	3,274
Profit Before Tax	4,190	7,953	1,131
Profit After Tax	2,998	5,881	358
Profit After Tax Attributable to Owners of the Company	2,998	5,596	1,600

SUMMARISED GROUP FINANCIAL POSITION

	2018	2019	2020
Non-current Assets	11,778	15,826	23,407
Current Assets	62,323	80,916	83,755
Total Assets	74,101	96,742	107,162
Non-current Liabilities	2,498	1,738	1,002
Current Liabilities	12,981	30,438	39,696
Total Liabilities	15,479	32,176	40,698
Equity Attributable to Owners of the Company	58,622	63,681	65,244
Non-controlling Interests	-	885	1,220
Total Equity	58,622	64,566	66,464
Total Equity and Liabilities	74,101	96,742	107,162

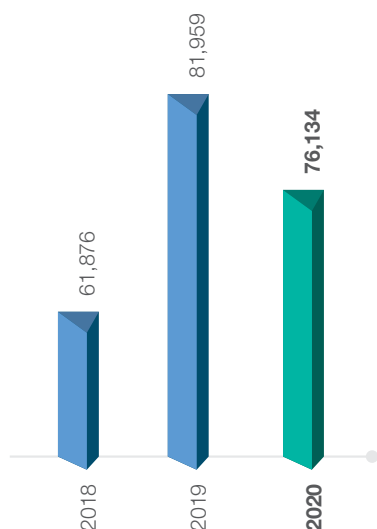
FINANCIAL ANALYSIS

	2018	2019	2020
Gross Profit Margin	45.0%	36.6%	35.0%
PBT Margin (%)	6.8%	9.7%	1.5%
PAT Margin (%)	4.8%	7.2%	0.5%
Gearing (%)	4.6%	3.5%	3.5%
EPS (Sen)	0.7	1.1	0.3
Cash and bank balances (including fixed deposits and overdrafts) (RM'000)	35,634	39,408	41,071

FINANCIAL HIGHLIGHTS (cont'd)

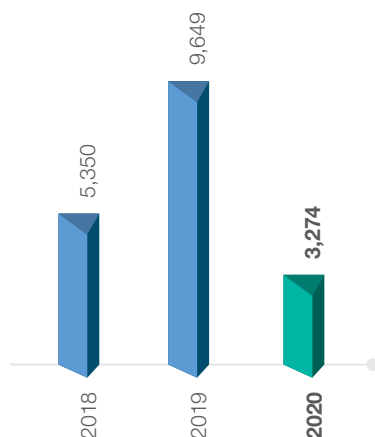
REVENUE

(RM'000)



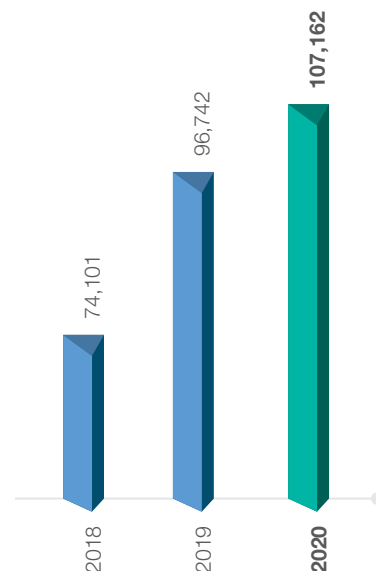
EBITDA

(RM'000)



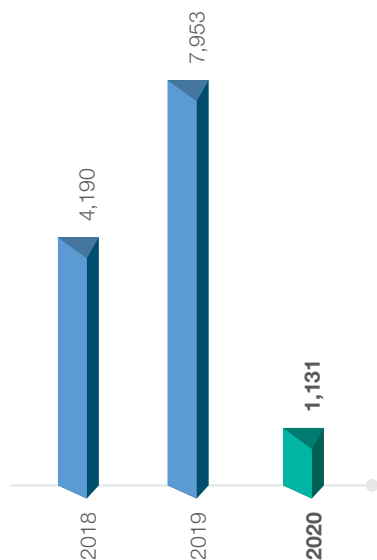
TOTAL ASSETS

(RM'000)



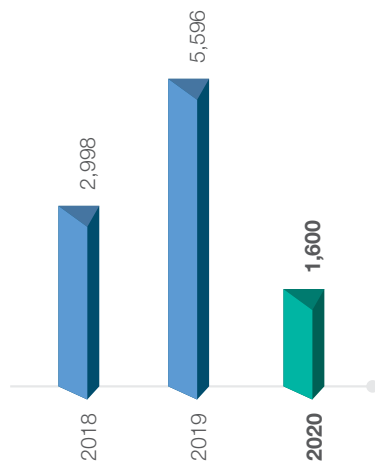
PROFIT BEFORE TAX

(RM'000)



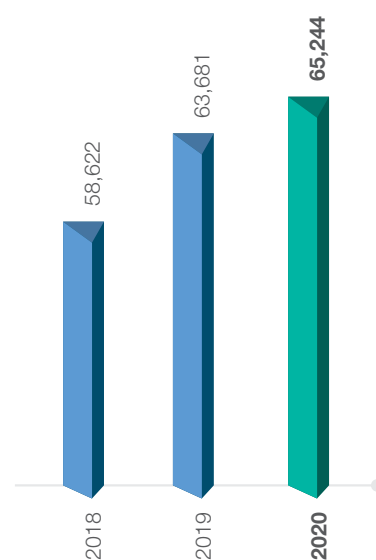
PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RM'000)



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RM'000)



DIRECTORS' PROFILE



• • • DATO' SIOW KIM LUN

Independent Non-Executive Chairman

Nationality	Malaysian
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Gender/Age	Male/71
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Dato' Siow Kim Lun ("Dato' Siow") is the Independent Non-Executive Chairman of the Group. He was appointed to the Board on 7 August 2017 and is a member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee. He attended all four (4) Board meetings held in the financial year.

Dato' Siow graduated with a degree in Bachelor of Economics (Honours) from Universiti Kebangsaan Malaysia in 1978, followed by a Master Degree in Business Administration from the Catholic University of Leuven, Belgium in 1981. In 1997, he attended the Advanced Management Program at Harvard Business School in the United States.

Dato' Siow has over 30 years of working experience in investment banking, corporate finance and securities market regulation. He started his career in investment banking with Malaysian International Merchant Bankers Berhad in 1981. He later joined Permata Chartered Merchant Corporate Bank Bhd (now known as Affin Hwang Investment Bank Berhad) as a Corporate Finance Manager in 1985. Between 1993 and 2006, he was with the Securities Commission Malaysia where he held several positions including the Director of its Issues and Investment Division and Market Supervision Division.

He is also an Independent Director of EITA Resources Berhad, Sunway Construction Group Berhad, RHB Investment Bank Berhad, Eco World International Berhad, Malaysian Trustees Bhd. and RHB Trustees Berhad respectively.

DIRECTORS' PROFILE

(cont'd)



YAP BAN FOO

Managing Director

Nationality Malaysian

Gender/Age Male/56

Mr. Yap Ban Foo is the Group's Managing Director. He joined the Board on 10 July 2003 and has led the development of the company over the years. He is responsible for overseeing the strategic business planning, development, and operations of the Group. He attended all four (4) Board meetings held in the financial year.

He received his Computer Studies diploma from ICL Training Services in 1988.

He started his career as a Trainee Programmer in Powercomp Automation Sdn. Bhd. in 1988. Building upon his performance, he was first promoted to Programmer, and then Senior Programmer. His career progressed when he became a Senior Programmer at Powercomp Engineering Sdn. Bhd. where he was later promoted to Analyst Programmer in 1993.

He joined Radiant Global ADC Sdn. Bhd. as a Technical Manager in 1994, and he subsequently became a Director and a shareholder of Radiant Global ADC Sdn. Bhd. in 1995. He brings with him more than 30 years of experience in retail technology and point-of-sale solutions to the Group. In July 2017, he became the Managing Director.

He does not hold directorship in any other public companies and listed issuers.

DIRECTORS' PROFILE

(cont'd)



YAP SIN SANG

Executive Director - Operations

Nationality	Malaysian
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Gender/Age	Male/58
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Mr. Yap Sin Sang is our Executive Director - Operations. He was appointed to our Board on 10 July 2003. His responsibility is to oversee the overall operations of the Group. He attended all four (4) Board meetings held in the financial year.

He has over 30 years of experience in retail technology and POS industry. He started his career in Syarikat Joo Long, his family retail business. He then joined Paling Industry Sdn. Bhd. in 1984 where he served as a Technical Assistant and was soon promoted to Assistant Supervisor.

His career continued at Kian Joo Can Factory Sdn. Bhd. as a Supervisor from 1986 to 1987, and progressed further when he became an Engineer at Powercomp Automation Sdn. Bhd. in 1988. Leveraging on his industry experience, he co-founded Softone Lite Sdn. Bhd. in 1992.

In 1994, Mr. Yap Sin Sang joined Radiant Global ADC Sdn. Bhd. as a Technical Manager. He was appointed as Director of Radiant Global ADC Sdn. Bhd. in 1995 and became one of the shareholders of Radiant Global ADC Sdn. Bhd. He assumed his current position as Executive Director - Operations in July 2017.

He does not hold directorship in any other public companies and listed issuers.

DIRECTORS' PROFILE

(cont'd)



TEVANAIGAM RANDY CHITTY

Independent Non-Executive Director

Nationality Malaysian

Gender/Age Male/53

Mr. Tevanaigam Randy Chitty ("Mr. Randy") was appointed to the Board on 7 August 2017 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee. He also sits on the Nomination and Remuneration Committee. He attended all four (4) Board meetings held in the financial year.

Mr. Randy is a member of the Malaysian Institute of Certified Public Accountants since 1994. He started his career with Ernst & Young, in the Audit Department from 1989 to 1993. He then joined the Corporate Finance Division of Arab Malaysian Merchant Bank Berhad until 1996. He then joined TA Securities Berhad in 1997 as a Senior Manager in the Corporate Finance Division.

From 1999 through to 2004, he held senior management roles at Pancaran Ikrab Berhad and Bukit Kiara Properties Sdn Bhd. In 2004, he was appointed as the Group General Manager of Finance at AWC Facility Solutions Berhad (now known as AWC Berhad), where he served until 2007.

In 2008 he was the Director/Senior Vice President in the International Corporate Finance Division of Kenanga Investment Bank Berhad.

From 2009 till 2014 he undertook several advisory projects as a freelance corporate finance consultant. He rejoined AWC Berhad as the Chief Financial Officer from 2015 to early 2018. He joined Malaysia Smelting Corporation Berhad as the Chief Financial Officer in 2018 for a brief period.

Since October 2018, he serves as the Chief Financial Officer at KA Petra Sdn. Bhd., a logistics provider for the maritime sector in the Oil & Gas industry. He is also an Independent Non-Executive Director of Omesti Berhad since 26 March 2021.

He also serves at the Honorary Treasurer for the Squash Racquets Association of Malaysia, since September 2020.

DIRECTORS' PROFILE

(cont'd)



MASHITAH BINTI OSMAN

Independent Non-Executive Director

Nationality Malaysian

Gender/Age Female/63

Puan Mashitah Binti Osman ("Puan Mashitah") was appointed to the Board on 7 August 2017 as an Independent Non-Executive Director. She is also the Chairman of the Nomination and Remuneration Committee, and a member of the Audit Committee and Risk Management Committee. She attended all four (4) Board meetings held in the financial year.

Puan Mashitah received a Bachelor's Degree in Business Administration from Universiti Kebangsaan Malaysia in 1982 and a Master's Degree in Business Administration from University College of Wales Aberystwyth in 1992.

With over 30 years of experience in Investment Banking, Puan Mashitah was named as one of the top 15 female trailblazers in the Shariah finance industry by Islamic Finance Asia in 2009.

Her career started in 1983 when she joined Bank Pembangunan Malaysia (now known as Bank Pembangunan dan Infrastruktur) as the Project Officer. She then took on important roles in RHB Investment Bank Berhad from 1984 to 2006, supporting the institution and leading the Islamic Finance department with specialisation in Islamic Debt Capital Market. After Puan Mashitah left RHB Investment Bank Berhad, she established and led the Corporate Investment Banking Division at Bank Islam Malaysia Berhad. Between 2014 and 2016, she was the Chief Operating Officer in Business at Bank Muamalat Malaysia Berhad.

Puan Mashitah is also an Independent Non-Executive Director of Bank Islam Malaysia Berhad since 1 October 2020.

Notes:

1. None of the Directors have family relationship with any Directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interests with the Company.
3. None of the Directors have been convicted of any offences (other than traffic offences, if any) within the past five (5) years or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

KEY SENIOR MANAGEMENT PROFILE

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WONG WEI MING

Digital Director

Nationality	Malaysian
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Gender/Age	Male/54
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Mr. Wong Wei Ming joined the Group as the Digital Director in January 2020. He is responsible for planning, developing, implementing, managing and improving the overall company strategy for using technological resources.

He holds a Bachelor's Degree in Computing Science from Staffordshire University in the United Kingdom. He has more than 30 years of experience in Computer Science, Information Technology, and Project Management.

His career began at Asia Commercial Finance in 1988, when he was a Programmer. After almost two years of service at the company, he joined ICI Central Toxicology Laboratory as a Trainee Programmer. Between 1993 and 1996 at Malayan Banking Berhad, he was the programmer and system analyst, and thereafter moved up to the position as the Project Manager.

Following his career at Malayan Banking Berhad, he subsequently became the Project Manager at Formis Dialog Sdn. Bhd. in 1996, and the General Manager at Accurate Computer Solutions Sdn. Bhd. in 2000. He was also the IT Manager Downstream for the Asia-Pacific region of ProJET Malaysia Sdn. Bhd. from 2002 to 2005.

Having joined Axcelasia Softnex Sdn. Bhd. (previously known as Softnex Sdn. Bhd.) as the Managing Director from 2005 to 2019, he was also the Director for Business Continuity Management Line of Business at Axcelasia Columbus Sdn. Bhd. (previously known as Columbus Advisory Sdn. Bhd.), between 2010 and 2019.

He does not hold directorship in any public company and listed issuer.

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LIM KIAT HIN

Sales Director

Nationality	Malaysian
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Gender/Age	Male/45
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Mr. Lim Kiat Hin is the Group's Sales Director since December 2018 with over two decades' experience in the Automatic Identification and Data Capture technology, sales and business development, and enterprise software solutions. He is responsible for overseeing the sales of software solutions and the overall software project delivery. His key focuses are customer acquisition, c-level engagement, and project delivery management.

He completed his degree in Electrical, Electronics and Communications Engineering at the National University of Malaysia (UKM) in 2000. After graduation, he became a Field Application Engineer for Agilent Technologies Sales (M) Sdn Bhd (formerly known as Hewlett Packard Sales (M) Sdn. Bhd.). Following his role in technical consulting for some years, he established a local enterprise in a retail franchise business with his former co-workers.

In 2007, He joined Zebra Technologies Asia Pacific Pte. Ltd. as the Country Territory Manager, responsible for sales and revenue growth in Malaysia. His career continued when he came on board Honeywell as the Regional Business Development Manager in Southeast Asia, with the mission to expand the Productivity and Identification Solution business in the region.

He subsequently joined Datalogic Singapore Asia Pacific Pte. Ltd. and took charge of the business in the Southeast Asian region. Before joining the Group, he also worked for AEB GmbH as the Regional Sales Manager, covering accounts in Southeast Asia, Hong Kong, and China.

He does not hold directorship in any public company and listed issuer.

KEY SENIOR MANAGEMENT PROFILE (cont'd)

CHENG PING LIONG

Director and Chief Executive Officer - Grand-Flo Spritvest Sdn. Bhd. ("GF Spritvest")

Nationality Malaysian

Gender/Age Male/56

Mr. Cheng Ping Liong joined our Group in November 2020 when Radiant completed the acquisition of 80% of GF Spritvest from Grand-Flo Berhad ("GFB").

He graduated with a Bachelor of Business Administration in Finance from University of Iowa, United States of America in 1988. His first employment was with RES Malaysia Sdn Bhd where he held the position of Trainee Programmer from 1989 to 1990. In 1990, he was promoted to the position of an Analyst Programmer and this was followed by his ascension to the position of System Analyst in 1991. During the years 1992 to 1995, he took on the role of a Technical Manager in RES Malaysia Sdn Bhd. He together with a partner, founded GF Spritvest in 1995.

On 13 October 2006, GF Spritvest was acquired by GFB and subsequently became a wholly-owned subsidiary of GFB. In August 2007, he was appointed the Chief Executive Officer of GF Spritvest.

Mr. Cheng was appointed as an Executive Director of GFB in September 2006 and subsequently resigned from the Board of Directors of GFB in September 2019.

He is currently a director and the Chief Executive Officer of GF Spritvest.

He does not hold directorship in any public company and listed issuer.

TRAN PHU VINH

Deputy General Director - Vietnam

Nationality Vietnamese

Gender/Age Male/49

As the Group's Deputy General Director in Vietnam, Mr. Tran Phu Vinh has been responsible for directing and overseeing the Group's overall business operations in Vietnam.

He completed his Bachelor's Degree of Science in Information Technology at the University of Natural Sciences in Vietnam.

Mr. Tran started his career as Senior Project Manager at VINATEC Co. Ltd., where he performed the application development, maintenance and customisation of retail software solutions. In 1999, he joined AZ Technologies Co. Ltd. as the Software Manager, guiding and leading his team in a variety of software-related activities. He thereafter continued his career as the IT Manager at Parkson Vietnam Co. Ltd.

Mr. Tran joined the Group in 2008, where he has been assuming the position of Deputy General Director - Vietnam ever since.

He does not hold directorship in any public company and listed issuer.

YAP SIOK CHIN

General Manager - Corporate Affairs

Nationality Malaysian

Gender/Age Female/56

Ms. Yap Siok Chin is the Group's General Manager- Corporate Affairs, responsible for overall finance, administration and human resource functions of the Group.

In 1989, after completing her Diploma in Commerce in Management Accounting from Tunku Abdul Rahman College and after obtaining a professional certificate in Chartered Institute of Management Accountant, United Kingdom, she joined the management team at YIG Management Services Sdn. Bhd. Subsequently, she moved forward with her career at Coopers & Lybrand Sdn. Bhd. as an Audit Assistant.

She joined Permanis Sdn. Bhd. and played a lead role as a Financial Analyst where she was later promoted to Assistant Accountant in 1992. She moved onward to Kenso Marketing (M) Sdn. Bhd. as an Assistant Accountant in 1993, and earned a promotion to Accountant a year later. Her ensuing career also includes her roles as an Accountant at the MTD Construction Sdn. Bhd. and a Finance Manager to oversee the Finance Department at Alloy Consolidated Sdn. Bhd.

She joined Radiant Global ADC Sdn. Bhd. as a Finance Consultant in 2001. She is also a Chartered Accountant with Malaysian Institute of Accountants ("MIA") since 2001.

She does not hold directorship in any public company and listed issuer.

KEY SENIOR MANAGEMENT PROFILE

(cont'd)

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LEE SOOK KUAN

Group Accountant

Nationality	Malaysian
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Gender/Age	Female/37
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Ms. Lee Sook Kuan is the Group Accountant. She is responsible for accounting matters of the Group. Previously, she joined the Group as the Corporate Finance Manager in 2016 and continued ahead to become the Group Accountant in the following year.

She commenced her career as an Audit Assistant in Kong Cheong & Co in 2007 while she was pursuing her professional studies with the Association of Chartered Certified Accountants ("ACCA"). She was later promoted to the company's Audit Assistant Semi-Senior in the same year. Upon the completion of her professional examinations with the ACCA in 2008, she moved on to advance her career at L M Chan & Associates. She thereupon served as a Senior Finance Executive at Delta China Technologies Limited, a Hong Kong-based company.

Prior to her tenure at the Group, she worked for Pestech Sdn. Bhd, a subsidiary of Pestech International Berhad, from 2010 to 2016. She first served as a Senior Account Executive of the Corporate Finance Department. Then, she was subsequently promoted to different roles: Senior Finance Executive in 2011; Associate Manager of the Corporate Services Department in 2012; and Assistant Manager in 2013.

She acquired multiple professional certifications including Goods and Services Tax Advice Agent from the Royal Customs Department Malaysia in 2014; Fellowship of the ACCA since 2016; and Registered Chartered Accountant of the MIA. She also has a degree in Applied Accounting from Oxford Brookes University in United Kingdom since 2015.

She does not hold directorship in any public company and listed issuer.

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CHAI FUIE NGE

Head of Sales

Nationality	Malaysian
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Gender/Age	Female/51
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Ms. Chai Fuie Nge has been the Group's Head of Sales since 2016. She has been responsible for managing and leading the Group's overall sales team and business development activities. Her responsibility also includes the generation of prospective sales leads with direct reporting to the Group's Managing Director.

Prior to holding the position of the Group, she sat on several positions in different organisations. She first started her career in 1991 at the administration department at IT-CAT (M) Sdn. Bhd. Then, from 1994 to 1998, she pursued her career at the GHL Group. She later played the role of the Customer Services Officer at GHL Infosys Sdn. Bhd and was soon promoted to Corporate Account Manager.

Following a significant period at GHL Infosys Sdn. Bhd, she continued a series of her career advancement: Corporate Account Manager at JOS System (Malaysia) Sdn. Bhd. from 2000 to 2002; and Corporate Account Manager at Jardine OneSolution (2001) Sdn. Bhd. from 2002 to 2005. At Jardine OneSolution (2001) Sdn. Bhd., she acted as the Senior Corporate Account Manager and the Corporate Sales Manager in 2005 and 2008 respectively. She was further promoted to Senior Corporate Sales Manager in 2011, and then to General Sales Manager in 2012.

She has a Diploma in Business Studies from Institut Perdagangan Pertama and over 20 years of experience in the sales industry.

She does not hold directorship in any public company and listed issuer.

KEY SENIOR MANAGEMENT PROFILE

(cont'd)

YEAP CHEE KEONG

Head of Technical

Nationality Malaysian

Gender/Age Male/52

Mr. Yeap Chee Keong is the Group's Head of Technical. His responsibility is to lead the Technical and Helpdesk team in troubleshooting technical issues, as well as offering guidance of the Group's hardware and software solutions to customers located in Malaysia.

With a Certificate in Data Processing from Politeknik Sultan Haji Ahmad Shah, he started his career world in IT industry at Computer Applied Systems & Engineering Sdn. Bhd. as a System Analyst Programmer. Following a brief employment, he decided to pursue further study at The Institute of Data Processing Management (currently known as The Institute for the Management of Information Systems) in the United Kingdom. He earned his Diploma in Information Systems Management in 1993.

In 1992, he started working as a Programmer at Berjaya Kawat Manufacturing Sdn. Bhd. (now known as Southern Wire Industries (M) Sdn. Bhd.). His experience prompted him to join Business Solution Company (China) Ltd. in 1996 as the System Manager, overseeing the Technical Support Division. He successively became the Head of the MIS Department at NCK Wire Products Sdn. Bhd..

His industry knowledge enables him to enter Malayan United Management Sdn. Bhd. in 2001 to take up the role of Project Manager. In 2007, he progressed further and became the Manager of System Management at the CCI Systems (M) Sdn. Bhd. (now known as Diebold Nixdorf Retail Solutions (M) Sdn. Bhd.).

Bringing with him 20 years of experience in IT industry, he joined the Group in 2012 as the Customer Service Manager. Thereafter, he became the Group's Technical Manager and Head of Technical in 2015 and 2017 respectively.

He does not hold directorship in any public company and listed issuer.

YONG SOO CHING

Head of Pre-sales

Nationality Malaysian

Gender/Age Male/42

Mr. Yong Soo Ching has served the Group as the Head of Pre-sales since 2017. He is responsible for managing and leading the Group's pre-sales team with direct reporting to the Executive Director - Operations.

He started his career at the Group as a Technical Engineer and soon promoted to Senior Technical Engineer in 2002. He was subsequently promoted to Technical Support and Technical Manager Application in 2003 and 2005 respectively.

He then advanced his career by taking up the position of the Group's Application Manager in 2015, and assuming his current position as the Head of Pre-sales in 2017.

He holds a Diploma in Electrical/Electronic Engineering from the Institut Teknologi Pertama.

He does not hold directorship in any public company and listed issuer.

Notes:

- None of the Key Senior Management personnel have any family relationships with any Directors and/or major shareholders of the Company, except the following:-
 - Ms. Yap Siok Chin who is the sister of Mr. Yap Sin Sang, an Executive Director of the Company.
- None of the Key Senior Management personnel have any conflict of interests with the Company.
- None of the Key Senior Management personnel have been convicted of any offences (other than traffic offenses, if any) within the past five (5) years or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors ("Board") of Radiant Globaltech Berhad ("Radiant Group" or "our Group"), it is my pleasure to present to you our Annual Report for the financial year ended 31 December 2020 ("FY2020").



DATO' SIOW KIM LUN
Chairman

FY2020 was a difficult year for us as we were impacted by the COVID-19 pandemic like most other business. Despite the adverse effects, I am heartened to note that our Group and our people remained steadfast in navigating the unprecedented economic landscape, whilst maintaining commendable stability in our operational performance and financial position.

Our prudent financial management in the past has helped us cushion the COVID-19 pandemic storm. We adapted our strategies in managing the uncertainties in economic conditions and supply chain interruptions with the cooperation and resilience of our employees.

Globally, the widespread socioeconomic impact of the COVID-19 pandemic has also resulted in significant disruptions in international trade and business activities, with global Gross Domestic Product ("GDP") contracting by 3.5% in 2020, in sharp contrast to the 2.8% growth in 2019.

On the local front, we were not spared from the adversities. Like other affected countries, Malaysia too had to grapple with weaker economic activities caused the introduction of the Movement Control Order from March to early May 2020, as well as the continued mitigation measures as authorities worked towards containing the pandemic. As a result, the country's GDP declined by 5.6% in 2020 from a 4.3% growth a year ago.

The domestic retail sector was badly impacted. Based on the Malaysian Retail Sales Report by Retail Group Malaysia, the retail sector shrunk by 16.3% as many shopping malls and retail outlets were forced to close for business. This was the worst performance the sector had encountered in over two decades. Consumers were required to stay at home amid the pandemic, while retail outlets nationwide faced prolonged closures and financial difficulties.

Notwithstanding the unfavourable conditions, I am optimistic that our Group will get through the adversity with the containment strategies and steady roll-out of the vaccination programme by the Government. As an IT solution enabler for the retail sectors, we see new opportunities in the accelerated adoption of innovation and digitalisation by the retailers in the face of the pandemic.

Many of our customers have deferred their purchase orders as a result of the pandemic. Despite these business disruptions, we still registered commendable revenue for FY2020, driven largely by improved contributions from the Maintenance and Technical Support Services segment. While adhering to strict standard operating procedures and offsite work arrangements, we managed to maintain operational uptime and reliability for our software portals

CHAIRMAN'S STATEMENT (cont'd)

to ensure minimum disruptions for our clients. At the same time, we continue to execute our growth strategies in line with our long-term goal of increasing our market presence in South East Asia.

In January 2020, we broadened our regional footprint by establishing a direct presence into Thailand's food and beverage ("F&B") market, through our joint venture with enterprise data capture sector provider Simat Technologies Public Company Limited ("Simat Technologies"). We began to leverage on Simat Technologies' notable customer base and market knowledge, to adapt and implement F&B solutions for the large F&B market in Thailand.

In addition, we expanded our domestic customer coverage into the industrial sector, following the acquisition of an 80% majority stake in electronic data capture and collation solutions provider Grand-Flo Spritvest Sdn Bhd ("GF Spritvest") for RM11.6 million in November 2020. The acquisition of GF Spritvest was in line with our strategy of expanding our revenue base through covering new sectors to achieve better sustainability and long-term growth.

Going forward, we are positive of our prospects, with the Malaysian economy targeted to post a solid recovery of 6.5% in 2021 as reported by the International Monetary Fund. Furthermore, Retail Group Malaysia expects the retail industry to stage a rebound of 4.1% in 2021, in line with the rollout of vaccination programme and anticipated increase in customer footfall at retail outlets.

I am confident that our Group is on a firm footing to achieve our growth path in the year ahead. We are focused on executing our strategy of building a strong recurring income stream, in addition to integration and enhancement of the portfolio in our products and services. To this end, we will continue to grow the number of trade suppliers onboard our portals, namely AX Retail B2B and AX Non-Retail. This will be complemented by integrating GF Spritvest's products into our software portals, as we continue to enhance our solutions and target a wider clientele reach.

I wish to take this opportunity to extend my heartfelt appreciation to my fellow members, key management and all our employees for their commitments towards our Group's growth aspirations. Without their endless support, tireless efforts, and unwavering dedication, we would certainly not be in this position today.

My greatest appreciation also goes out to the shareholders, customers, and business partners of the Radiant Group. We will continue to improve on our operations and generate better returns for our shareholders, alongside our target of growing into a reliable integrated technology solutions provider.

Sincerely,

Dato' Siow Kim Lun

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Radiant Globaltech Berhad is an integrated technology solutions provider in South East Asia ("SEA") with expertise in the automation of retail operations and industrial businesses including fast moving consumer goods ("FMCG"), logistics, manufacturing and government-linked companies subsectors.

Our retail technology solutions comprise hardware equipment for front-end operations, digital solutions such as proprietary retail management applications and portals, and distribution of third-party enterprise resource planning software ("ERP"). These solutions are used in retail and food and beverage ("F&B") sectors to automate customers' operations in order to enhance efficiency and optimise costs.

Radiant Group also serves industrial clientele. This follows the acquisition of GF Spritvest in November 2020 to provide electronic data capture and collation ("EDCC") services together with the in-house solutions namely sales automation, assets tracking, warehouse and inventory control software.

Our Group has established a foothold across SEA, namely Malaysia, Vietnam, Cambodia and Thailand. Our customer base includes the likes of wide-network retail chains such as Giant, 99 Speedmart, Guardian, Cold Storage, Parkson, AEON Big, Manjaku Baby Mall and 7-Eleven Malaysia. In the non-retail segments, we serve many reputable companies in Malaysia, such as notable FMCG brands, F&B chains, prominent manufacturing players, as well as a postal service provider.

• Hardware

Our Group provides hardware equipment that automate the operations of retail and industrial users.

Our retail hardware equipment includes point of sales ("POS") machines, barcode scanners, handheld terminals, barcode printers, hardware consumables and weighing scales. These are sold to a broad range of retailers such as super- and hyper markets, convenience stores, pharmacies and F&B outlets.

Our Group also distributes mission-critical industrial hardware such as desktop and mobile barcode scanners, barcode printers, fixed mount scanners, mobile terminals, radio-frequency identification ("RFID") equipment and card printers.

• Software

In-house Software

Our Group's proprietary software solutions differentiates us from our peers. Radiant Group provides its own retail management solutions and mobile applications to enhance efficiency and

minimise manual processes. These include retail and F&B management software such as AX B2B Retail, AX Retail Consignment portal, POSplus, AX B2B Non-Retail and Android Mobile applications for handheld terminals.

Additionally, our Group offers industrial software solutions via GF Spritvest. These include back-end inventory tracking and management, as well as sales automation systems, namely ManageAsset, ManageWare, SmartApps and ManageSales.

Third-party Software

Radiant Group is also an authorised partner of third-party ERP software such as Microsoft Dynamics 365 Business Central and LS Retail.

• Maintenance and Technical Support Services

Our Group's services are backed by the maintenance and technical support services teams in Malaysia, Cambodia, Thailand and Vietnam. In catering to the requirements of our clients, we provide information technology support services which encompass hardware maintenance services, and technical support for our Group's software solutions.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW

The COVID-19 pandemic undoubtedly tested our mettle, but we adapted our strategies to continue acquiring customers and propel our growth going forward. These are the operational highlights for the financial year ended 31 December 2020 ("FY2020"):

- **Increased suppliers onboard AX B2B Retail portal to 4,750 as at FY2020**

In FY2020, a prominent supermarket chain with over 45 outlets across Malaysia adopted our AX B2B Retail portal to streamline its operations through automation of back-end processes, as well as reduce its reliance on manual processes such as stock-taking, procurement, payments and reports generation.

As a result, the supplier base of our retail management portal grew to 4,750 as at FY2020 from 3,500 as at FY2019. This came on the back of COVID-19 catalysing retailers to transition towards digitalisation of laborious and human-intensive back-end operations.

This highlights the resilience of our business model even during difficult times. Our Group is confident of securing more retailers going forward.

- **Entered into joint venture ("JV") with Simat Technologies Public Company Limited ("Simat Technologies")**

In January 2020, our Group entered into a JV with Simat Technologies to provide POS equipment and retail software solutions to retailers in Thailand. Radiant Group invested RM0.7 million for a 49% stake in the JV company, RGTech Simat Co., Ltd., while Simat Technologies held a 49% stake, and the remaining 2% is held by Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa.

Simat Technologies is involved in enterprise data capture, distributing hardware, software and maintenance services to notable F&B chains.

While it was unfortunate that the COVID-19 pandemic hampered our business development progress in Thailand, we still made headway in FY2020. Through strong collaboration and perseverance, we rolled out our POS equipment and F&B software solutions to two outlets of a Thailand food court operator in Bangkok, to improve the overall efficiency.

The JV allows our Group to establish a direct presence into Thailand and tap into one of the largest retail markets in SEA. We intend to leverage on Simat Technologies' market knowledge and its clientele in Thailand to adopt and implement F&B solutions into Thailand's F&B market.

- **Expanded into industrial segment via acquisition of GF Spritvest**

As part of our strategy to diversify our revenue streams beyond the retail industry to build greater sustainability, we acquired an 80% majority stake in EDCC provider, namely, GF Spritvest for RM11.6 million from Grand-Flo Berhad, which was funded through a variation of proceeds raised during our Initial Public Offering ("IPO") and internally generated cash. The remaining 20% stake is held by Jejaka 7 Capital Sdn Bhd, a company which is owned by GF Spritvest's Chief Executive Officer ("CEO"), namely, Mr Cheng Ping Liong and 9 members of GF Spritvest's senior management team.

At the same time, GF Spritvest entered into a service agreement with Cheng Ping Liong for him to continue serving as CEO and one of its director. Furthermore, Cheng Ping Liong has provided a cumulative net profit guarantee of RM3.2 million from the completion date of the share sale agreement in November 2020 until the financial year ending 31 December 2022.

The acquisition boosted our customer portfolio with the inclusion of GF Spritvest's clientele of mainly FMCG, manufacturing and postal service player in Malaysia. In addition to the wider customer coverage, we are able to expand our service offerings and pool our resources to create synergies by cross selling our hardware and software solutions.

There are also regional opportunities, where we intend to bring GF Spritvest's software solutions into countries where we have presence in, namely Cambodia, Vietnam and Thailand.

With GF Spritvest onboard, our Group is confident of enhancing the overall competitiveness and positioning ourselves as a full-fledged technology solutions provider for corporations in various sectors.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL OVERVIEW

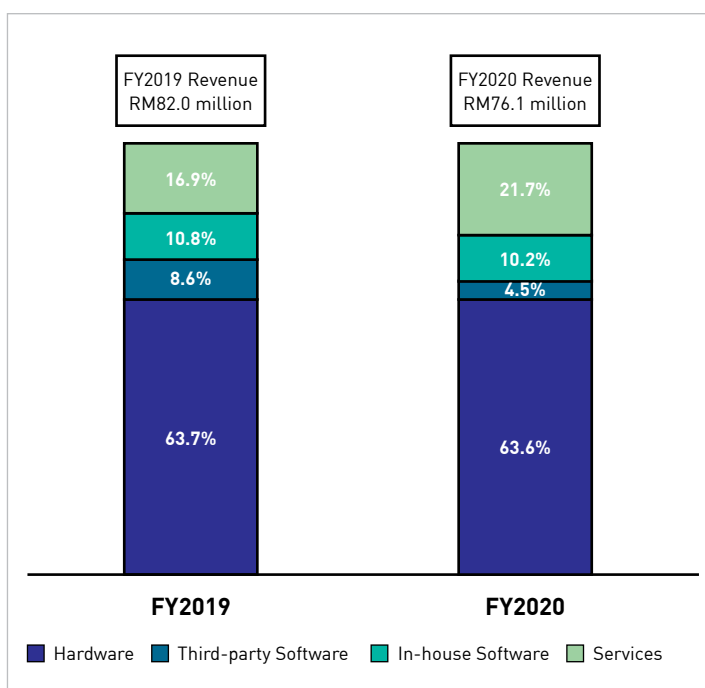
The Movement Control Order ("MCO") imposed from mid-March to early May 2020, which was followed by a conditional MCO ("CMCO"), had severely impacted the retail sector as essential stores had shorter operating hours and non-essential outlets were not allowed to open. This resulted in retailers seeking ways to optimise their operational efficiency and to reduce human interactions between customers and retail staff. It also intensified our strategy of increasing our coverage of industrial clientele to reduce our dependency on a single sector, namely retail.

All things considered, despite the impact of MCO and CMCO on the retail sector and positive contribution from GF Spritvest, our Group stood firm to deliver revenue of RM76.1 million in FY2020, registering a decline of 7.2% from RM82.0 million in the previous financial year.

Our Group's majority revenue generator was the hardware segment with 63.6% contribution. The segment's revenue moderated by 7.3% to RM48.4 million in FY2020 from RM52.2 million previously, as some hardware projects were deferred.

Meanwhile, the software segment made up 14.7% of our Group revenue. The segment, comprising in-house software and third-party software divisions, saw a 29.6% decline in revenue to RM11.2 million from RM15.9 million previously due to the overall softer market sentiment. While the in-house software division posted lower contribution at RM7.8 million as compared to RM8.9 previously due to lower revenue from F&B solutions, it was partially mitigated by stronger revenue growth from our retail software which includes AX portals. Contributions from the third-party software division reduced by 51.4% to RM3.4 million from RM7.0 million due to slower roll out of projects in FY2020.

Despite the lower revenue in other segments, our Group's maintenance and technical support services segment noted a significant revenue growth of 18.7% to RM16.5 million in FY2020 from RM13.9 million previously. This came on the back of higher billings for maintenance services and revenue recognition from GF Spritvest.



Although our Group's gross profit trended 11.0% lower to RM26.7 million in FY2020 from RM30.0 million previously in line with the topline direction, the overall gross profit margins remained at a healthy level. This was sustained by higher margins from our Group's in-house software as well as maintenance and technical support services segments.

We expanded our software team in FY2020 to develop new technologies and add modules to enhance our current offerings, which places us in a better position to capture demand for digitalisation of businesses.

The weaker topline coupled with losses of RM2.7 million incurred from a subsidiary in Thailand dampened our Group's profit before tax to RM1.1 million versus RM8.0 million a year ago. In line with the lower profit before tax, net profit attributable to shareholders moderated to RM1.6 million versus RM5.6 million previously. Net losses in subsidiaries were shared by non-controlling interest resulted in profit attributable to shareholders were higher than the profit after tax.

Correspondingly, our Group's basic earnings per share moderated to 0.30 sen in FY2020 from 1.07 sen a year ago.

Overall, our Group remained profitable in FY2020, successfully navigating the operational and market challenges posed amidst the COVID-19 pandemic. Even though we noted deferments in schedule for some projects, we are pleased that all our projects remained intact.

With the recent trend of businesses moving towards digitalisation and the gradual vaccine rollout to support economic recovery, we remain cautiously positive of our long-term prospects going forward.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

ASSETS, LIABILITIES AND EQUITY

The goodwill on acquisition and increased property, plant and equipment from the purchase of GF Spritvest and JV with Simat Technologies led to our Group's total assets rising to RM107.2 million as at FY2020 from RM96.7 million as at FY2019. The net asset per share as at FY2020 were increased to 12.7 sen from 12.3 sen as at FY2019.

At the same time, total liabilities in FY2020 expanded to RM40.7 million from RM32.2 million a year ago on increased other payables and accruals, stemming from the consolidation of liabilities from the purchase of GF Spritvest and JV with Simat Technologies.

Our Group's cash reserve remained healthy, climbing to RM41.1 million in FY2020 from RM39.4 million in the previous year, while total borrowings in FY2020 reduced slightly to RM1.6 million from RM2.3 million last year.

Shareholders' equity marginally grew to RM65.2 million as at FY2020 from RM63.7 million previously on higher retained earnings. All in all, our Group maintained a lean balance sheet and net cash position in FY2020, providing ample buffer amid market challenges.

DIVIDEND

Our Group presently does not have a formal dividend policy. The Board of Directors are mindful of the need to preserve cash for sustainability and to fund our expansion plans. As such, the Board of Directors did not recommend any dividend for FY2020.

To reward our loyal shareholders, our Group intends to pay dividends in the future when our operations have normalised and market sentiment improves.

ANTICIPATED OR KNOWN RISKS

There are potential risks and uncertainties that may negatively affect our Group's business, financial condition and the results of operations:

- **Risk of slow recovery of the retail industry**

As a significant portion of our customers are retail industry players comprising departmental stores, supermarkets and hypermarkets, and convenience stores, we may be exposed to uncertainties posed by the COVID-19 pandemic and the impact to the sector as a whole. The nationwide MCO from mid-March to early-May 2020 and continued by CMC0 has forced many businesses to halt operations and shorten operating hours of essential services.

Furthermore, retail outlets have experienced weaker footfall as consumers prefer to steer away from public places for health and safety reasons. There is a risk that in the 'new norm', most consumers would still avoid public places and therefore slowdown the recovery of the retail industry.

Having said that, according to Retail Group Malaysia, the retail industry is expected to rebound by 4.1% in 2021, boosted by the rollout of vaccines to the masses, from early 2021 onwards. We are optimistic that this will help spur footfall at retail outlets and stimulate the sector's recovery.

- **Change in consumer behaviour towards online retail purchases**

The increasing trend of purchasing goods via e-commerce platforms continues to be fuelled by the surge in internet penetration in SEA, on top of growing preference for online shopping due to higher safety factor and more sellers on-board since the COVID-19 pandemic.

As our main customers increasingly adopt a hybrid model with brick-and-mortar stores complemented by online channels, we ensured our retail portals are able to support e-commerce functions, thereby enabling parallel growth alongside the e-commerce sector.

- **Impact of another MCO on our Group's operations**

Another implementation of a strict MCO would be detrimental to non-essential industries, the operation of most of our retail customers would be disrupted, thus impacting our topline.

That said, we have been diversifying our revenue streams into multiple sectors over the years. We acquired Adaptive POS Sdn Bhd in January 2019 to expand into the F&B sector, Infoconnect Commerce Sdn Bhd in January 2019 to enter into the manufacturing segment and in November 2020, GF Spritvest, to tap into the industrial markets, of which most of its customers are in the essential services segment.

Not only that, the impact of the MCO and CMC0 catalysed the need for digitalisation within business activities as they aim to reduce reliance on manual labour. In fact, we have noted higher enquiries from corporations to provide our solutions to help streamline its operations. Leveraging on our enlarged offerings and track record, we are well positioned to capture the future demand for digitalisation.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OUTLOOK AND GROWTH STRATEGIES

FY2021 is expected to continue being plagued by uncertainty and volatility, headlined by the on-going spike in COVID-19 cases around the world.

While various vaccines have been approved for global use, we anticipate the vaccination rollout to take time before the population achieves herd immunity. We are however optimistic that the national COVID-19 vaccination plans that began in Malaysia in February 2021 will curtail infections and support a gradual economic recovery in the second half of this year.

To steer our Group forward, the Management endeavours to undertake the following:

- **Building strong recurring income via increasing supplier base of AX B2B Retail portal**

Over the past few years, we recognised the need to establish a strong recurring income stream to provide sustainable earnings over the long-term. As seen during the COVID-19 pandemic, our over-reliance on the retail industry impacted our revenue during the disruptions of retail activities.

We intend to further strengthen our income stream by securing more customers and registering their trade suppliers onboard AX B2B Retail portal. With our subscription-based model, an expanded supplier base would provide us with a strong and sustainable recurring income stream going forward. Our AX B2B Retail portal has seen higher subscriptions over the past two years, with suppliers increasing by more than two-folds from 2,000 as at FY2018 to 4,750 as at FY2020. As retailers begin embracing digitalisation to streamline their manual front-end and back-end processes, we will see higher adoption of software solutions such as AX B2B Retail across traditional businesses.

- **Increasing number of industrial clientele by leveraging on GF Spritvest**

With GF Spritvest onboard, we were able to expand our suite of products and services to support industrial players in the FMCG, manufacturing and postal service subsectors.

Leveraging on our increased offerings, we aim to enlarge our industrial customer base going forward. Apart from targeting various types of subsectors including manufacturing and distributing companies, we intend to integrate our industrial software and hardware equipment into our highly-customisable portals to develop a similar portal for our industrial segment.

- **Bringing our Group's solutions to overseas markets**

We intend to bring our AX B2B Retail portal and GF Spritvest industrial solutions to the overseas markets that we have established a direct presence in. With the rollout of vaccinations being distributed to the masses, we want to be well positioned to ride the recovery trend and capture the surge in demand for digitalisation of operations.

We are cautiously optimistic of our future prospects, backed by a strong and determined Management team, as well as robust track record of being a reliable integrated technology solutions provider in SEA.

Sincerely,

Yap Ban Foo
Managing Director

SUSTAINABILITY STATEMENT

Our Group's commitment to sustainability is long-standing, grounded in the belief that to grow and expand our Group, we need to actively address the challenges facing our business and industry. Our Group is dedicated to reduce environmental footprint in the business and to enable social progress via offering employment opportunities and quality products to the community.

Our Board of Directors thus acknowledges the importance of embedding sustainability into the operations of our Group in order to fulfil the expectation and requirement of the stakeholders, and to provide better understanding on our Group's business approaches in managing economic, environment and social risks and opportunities. Our Group believes that a balanced approach to sustainability will build trust and further solidify our reputation in the industry.

This sustainability report outlines our Group's endeavours throughout the financial year under review in areas where our Group's expertise and resources can make a positive difference for present and future generations. It provides comprehensive details of our Group's sustainability activities with respect to the following core areas:

ECONOMIC

Our Group provides total retail technology solutions along with maintenance and technical support services that enable our customers to automate their operations, people connectivity, processes and technology. Our Group helps these customers' businesses operate faster, more efficiently and less costly. As our Group predominantly serves retail customers, this is expected to support the domestic and regional retail market.

In 2020, the retail market has been adversely impacted by the COVID-19 pandemic, which affected our Group's financial performance during FY2020. To that end, our Board is determined to turn around the financial performance of our Group by closely monitoring the economic performance of the country, and managing resources effectively to ensure that our Group is adequately funded with sufficient cash reserves for business growth and acquisitions.

In addition to the above, our Group also undertakes the following measures to promote business sustainability:

- **Cost Efficiency**

As one of the leading retail technology player, our Group is committed to create solutions as resource-efficient, eco-friendly, and energy-efficient as possible. Thinking and acting sustainably through higher resource efficiency and permanent advantageous cost structures, our Group allows the customers' businesses to operate faster, more efficiently and less costly.

- **Job Creation and Livelihood of Employees**

Further, our Group creates job opportunities in Malaysia, Vietnam, Cambodia and Thailand with our business presence. As at 31 December 2020, our Group employs approximately 300 employees in Malaysia, 23 employees in Vietnam, 6 employees in Cambodia and 30 employees in Thailand. During the FY2020, our Group had retained all employees, ensuring their livelihood during challenging times especially during the pandemic. As our Group continues to grow, we intend to increase the workforce which will consequently create more job opportunities in these aforesaid countries.

- **Customer Satisfaction**

Our Group also strives to provide solutions that aim at exceeding customer expectations and enhancing customer satisfaction through a proactive understanding of customer's ever-changing requirements. Our Group's policy lays down this commitment through continuous quality improvement, waste reduction, which eventually leads to cost reduction and value creation for customers.

By fostering meaningful relationships with customer through customer satisfaction, our Group is able to stand out from industry peers and maintain our reputation in the industry.

SUSTAINABILITY STATEMENT (cont'd)

ECONOMIC (CONT'D)

- **Financial Transparency**

Our Group endeavours to promote financial transparency and best practices within our organisation. We aim to safeguard our Group and stakeholders against conflict of interest, fraud and money laundering.

By keeping all shareholders up-to-date with information, our Group achieves and maintains greater financial transparency and security within the organisation and throughout the supply chain. All financial performance and material information pertaining to our Group's business activities are communicated promptly.

ENVIRONMENTAL

Our Group is conscious of our impact on the environment, and aims to gradually reduce environmental footprint by adopting a responsible approach in our daily operations. This includes:

- **Innovation**

Our Group has developed an in-house retail management software and continues the e-billing initiative to cut down printing and to reduce paper consumption in our customers' operations. The software helps customers to track business documents (such as purchase orders, delivery notes, and invoices) and manage sales details electronically. Our Group has consistently decreased the consumption of the printed documents and printer cartridges, and encourages our customers to do the same. All printer cartridges are recycled as part of the sustainability initiative that is intended to have a tremendous positive impact on the environment.

- **Awareness**

Our Group is convinced that further environmental protection can be accomplished by raising employee awareness of sensible energy and paper use. Our Group makes every effort to develop a culture with a conscience, encouraging the employees to be aware of their respective roles and responsibilities as a global citizen.

In the workplace, our Group has developed a culture which encourages the employees to be aware of their individual role in protecting the environment by reducing electricity and paper usage, recycling plastic wastes as well as reusing papers and envelopes. Energy-efficient lightings are used throughout the office, and computer peripherals and lightings are switched off when not in use.

- **Reduce, Reuse, Recycle**

Incorporating the 'Reduce, Reuse, and Recycle' principle into the processes from the very beginning is also vital in our Group's sustainability initiatives. Our Group regards efficient use and preservation of other resources – raw material, paper, and water, and recycle and reuse of plastic materials, as an ongoing task to reduce waste and resources. The waste that has to be disposed is kept to an absolute minimum level, and a waste management protocol is enforced and adhered to stringently. Solar energy is also considered as part of our Group's future sustainability undertakings.

- **Digital Transformation**

In line with the commitment to reduce carbon footprints, employees, suppliers, and customers are encouraged to fully maximise the benefits of digitalisation. Our Group's digital transformation journey is not only a tool to sustain the streamlined operations for the organisation and our customers; it also positions our Group as a world-class and innovative contributor to positive environmental impacts and superior digital customer experience.

For example, our Group's employees and management of all levels make use of emails and instant messagings for internal and external communications. No hard-copy printing is necessary unless it is of significant importance.

SUSTAINABILITY STATEMENT (cont'd)

ENVIRONMENTAL (CONT'D)

- **Digital Transformation (Cont'd)**

The implementation of the MCO & CMC period in order to curb the spreading of the COVID-19 pandemic had accelerated the digitalisation of our Group's business operations. The use of file sharing and video conferencing tools enable our employees to work from home, minimising disruption to work flows. The digitalisation of our Group's operations minimise the usage of paper, which supports our Group's move towards paperless operations.

SOCIAL

Our Group recognises that our employees are valuable assets – as they are key for an organisation to succeed. Our Group strives to bring on board the best talents from diverse backgrounds as diversity enriches our capacity to create and innovate. This will enable us to respond more effectively to a dynamic business and financial landscape. With this in mind, our Group promotes equal opportunities whereby job opportunities are provided based on individual merit.

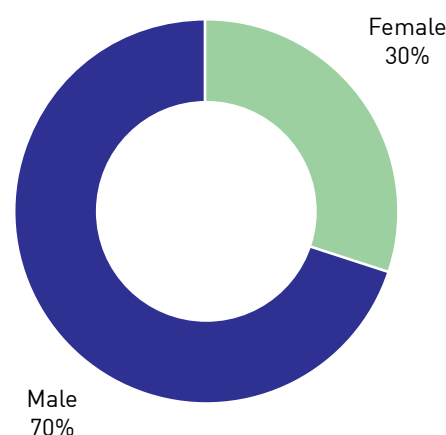
Our Group also promotes gender diversity. While it does not set any specific target for female employees, our Group endeavours to promote more females in our organisation. As at FY2020, approximately 30% of our Group's Senior Management team are females.

Our Group also strives to retain skilled employees and attract new talents by providing continuous technical training and rewarding employees with competitive remuneration packages especially for technical and management personnel. By providing continuous training programmes, our Group is steadfast in supporting the employees' professional development in order to enhance their performance and productivity while at the same time, increase their value and future marketability.

Employees' safety and health are always our Group's top priority. We are committed to continue providing our employees with benefits which includes in-house and panel clinics medical facilities, insurances and reimbursements for any COVID-19 tests undertaken.

The COVID-19 pandemic still remains as a threat to all businesses in all over the world since its outbreak. Therefore, our Group has been exercising utmost caution in our daily operations to ensure the safety of all our employees. Safety measures such as daily temperature checks, wearing of mask, provision of hand sanitisers as well as social distancing in all work and rest areas are put in place.

With all the safety measures in place, our Group is now able to operate as usual and at the same time able to provide a safe and comfortable environment to all employees. We also encourage employees to take ownership and accountability for their own physical and mental well-being when they are out of our Group's premises to ensure safety and health of their own and their families. The Management maintains good communication and interaction, and always stays connected with the employees even during MCO and CMC period when employees were required to work from home. Even after all the employees return to work at our office, the Management has been making effort to continuously update our employees regarding the precautionary measures and actions needed to be taken to prevent the spread of COVID-19 pandemic.



SUSTAINABILITY STATEMENT (cont'd)

SOCIAL (CONT'D)

COVID-19 Initiatives

Our Group's operations have been disrupted by the unprecedented COVID-19 pandemic during the most of FY2020. In keeping the welfare of the workforce during COVID-19 pandemic, our Group has implemented various measures such as:

- (i) Proper social distancing procedures
- (ii) Reimbursement of COVID-19 tests
- (iii) Creating standard operating procedures to avoid unnecessary gatherings or physical meetings
- (v) Sanitisation and disinfection
- (vi) Encouragement to hold virtual meetings
- (vii) Wearing face mask

Since the enforcement of MCO and CMMCO, our Group's management had reacted promptly in protecting the health of our employees and formulating a business contingency plan to avoid disruption to our business operation.

CONCLUSION

Our Group is committed to conduct our business in a responsible and meaningful manner by upholding good environmental and social values which will make a difference to the environment and society. Our Group is continuously looking for new ways to incorporate sustainability practices into our business operations. We intend to continuously operate in a responsible manner by optimising our Group's resources and reducing the generation of waste.

Our Group also strives to achieve a sustainable financial performance and fulfill our obligations to our stakeholders. Our Group is committed to uphold integrity to preserve shareholders' interest, and will continue our efforts in maintaining high standards of corporate ethics and strict compliance with laws and regulations.

To this end, our Group's sustainability efforts are focused on enhancing value propositions for our stakeholders and customers with the adoption of best practices. Our Group will be watchful of the industry trends and will adapt accordingly to remain at the forefront, and to stay relevant to our stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Radiant Globaltech Berhad ("Radiant" or "the Company") recognises the importance of maintaining high standards of corporate governance for transparency, accountability, integrity and towards being a well managed company. As a fundamental part of discharging its duties and responsibilities, the Board is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") to enhance shareholders' value, and to be consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report 2020 ("CG Report"), based on a prescribed format as enumerated in Rule 15.25(2) of the ACE Market Listing Requirements ("ACE Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 31 December 2020 ("FY2020"). The CG Report is available on the Company's website at www.rgtech.com.my, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board's Leadership on Objective and Goals

- 1.1 The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership which includes practicing high level of good governance to ensure long-term success of the Group and the delivery of sustainable value to its stakeholders.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the Board's duties and responsibilities. The Board also delegates certain responsibilities to the following Board Committees, all of which operate within their respective Terms of Reference which can be accessed via the Company's website, www.rgtech.com.my:-

- a. Audit Committee ("AC");
- b. Nomination and Remuneration Committee ("NRC"); and
- c. Risk Management Committee ("RMC").

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board has, amongst others:-

- promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional conduct;
- reviewed, challenged and decided on the Management's proposals for the Group, and monitor its implementation;
- ensured that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- assessed Management performance;
- ensured there is a sound framework for internal controls and risk management;
- recognised the principal risks of the Group's business and that business decisions involve the taking and managing of appropriate risks;
- set the risk appetite within which the Board expects the Management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that Senior Management has the necessary skills and experience, and measures are in place to provide for the orderly succession of Board and Senior Management;
- ensured that the Group has in place procedures to enable effective communication with shareholders and stakeholders; and
- ensured the integrity of the Group's financial and non-financial reporting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (Cont'd)

1. Board's Leadership on Objective and Goals (Cont'd)

- 1.2 The Chairman of the Board, Dato' Siow Kim Lun, holds an Independent Non-Executive position and is primarily responsible for the leadership, governance and conduct of the Board as well as ensuring the Board's effectiveness.

The responsibilities of the Chairman of the Board, amongst others, are as follows:-

- (i) To provide leadership to the Board.
- (ii) To oversee the effective discharge of the Board's supervisory role.
- (iii) To facilitate the effective contribution of all Directors.
- (iv) To conduct and chair Board meetings and general meetings of the Company.
- (v) To manage Board communications and Board effectiveness and effective supervision over Management.
- (vi) To ensure Board meetings and general meetings are in compliance with good conduct and best practices.
- (vii) To promote constructive and respectful relations between Board members and between the Board and the Management.
- (viii) To ensure that quality information to facilitate decision-making is delivered to the Board in a timely manner.
- (ix) Together with the Managing Director ("MD"), to represent the Company and/or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.

- 1.3 The position of the Chairman and MD are held by two different individuals and each has a clear accepted division of responsibilities to ensure there is a balance of power and authority to promote accountability, such that no one individual has unfettered decision-making powers.

The Chairman is responsible for the orderly conduct and effectiveness of the Board in addition to facilitating constructive deliberation of matters in hand, whilst the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

- 1.4 The corporate secretarial function of the Company is outsourced to Cospec Management Services Sdn. Bhd. ("CMS").

The Board is supported by a qualified and competent Company Secretary nominated by CMS. She is a member of the Malaysian Association of Company Secretaries and holds a professional certificate as qualified Company Secretary under the Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.

The Company Secretary has –

- together with Management, managed all Board and Board Committee meeting logistics;
- attended and recorded minutes of all Board and Board Committee meetings and facilitated Board communications;
- advised the Board on its roles and responsibilities;
- advised the Board on corporate disclosures and compliance with the Companies Act 2016 and Securities Commission's regulations and ACE Market LR; and
- monitored corporate governance developments and advised the Board on adoption of corporate governance practices.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her duties and functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I – BOARD RESPONSIBILITIES (Cont'd)

1. Board's Leadership on Objective and Goals (Cont'd)

- 1.5 Annual meeting calendar is prepared and circulated in advance prior to the new calendar year, to enable the Directors to plan ahead and coordinate their respective schedules. The notice of meetings of the Board and Board Committees are sent to the Directors via emails at least five (5) working days prior to the date of the meetings. Meeting materials are also circulated to Directors at least five (5) business days in advance of the Board and Board Committee meetings to ensure they have been given sufficient time to prepare for the meetings.

The deliberations and decision of matters discussed in the Board and Board Committees' meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Board and Board Committees for review in a timely manner before it is finalised and tabled at the next meeting for confirmation.

2. Demarcation of Responsibilities between the Board, Board Committees and the Management

- 2.1 The Board Charter clearly sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It serves as a reference point for Board activities and is designed to provide guidance and clarity to Directors with regards to the respective roles and responsibilities of the Board, Board Committees, Chairman and MD, as well as issues and decisions reserved for the Board, the Board's governance structure and Board's authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.

On 10 August 2020, the Board Charter of the Company had been reviewed and revised by incorporating the roles and responsibilities of the Board in reviewing the risk management process and implementing the Anti-Bribery and Corruption policies of the Group. A copy of the Board Charter is available on the Company's website at www.rgtech.com.my.

The Board Charter will be reviewed as and when necessary to ensure that it remains consistent with the Board's objectives and responsibilities, and reflect the latest compliance requirements as a result of changes in the regulatory framework.

3. Good Business Conduct and Healthy Corporate Culture

- 3.1 All Directors and employees of the Group are to adhere to the Code of Ethics and Conduct and make necessary declaration if there is any conflict of interests. The Code of Ethics and Conduct is incorporated in the Board Charter of the Company and published on the Company's website at www.rgtech.com.my.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.

- 3.2 A revised Whistle Blowing Policy which incorporated the relevant amendments made to the ACE Market LR of Bursa Securities in relation to anti-corruption measures was adopted by the Board on 29 May 2020 with the intention of promoting the highest standard of corporate governance and business integrity. The Whistle Blowing Policy is available on the Company's website at www.rgtech.com.my.

The Whistle Blowing Policy provides an avenue for its employees to raise genuine concerns or report any misconduct, alleged breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION

4. Board's Objectivity

- 4.1 The composition of the Board complies with Rule 15.02 of the ACE Market LR, which stipulates that the Company must ensure that at least two (2) Directors or 1/3 of the Board, whichever is the higher, are Independent Directors. Currently, the Board has five (5) members as follows:-

	Board Members	Designations
1.	Dato' Siow Kim Lun	Independent Non-Executive Chairman
2.	Yap Ban Foo	MD
3.	Yap Sin Sang	Executive Director
4.	Tevanaigam Randy Chitty	Independent Non-Executive Director
5.	Mashitah Binti Osman	Independent Non-Executive Director

- 4.2 The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) year term, an Independent Director may continue to serve on the Board subject to the said Director's redesignation as a Non-Independent Director.

There is no Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

- 4.3 The Company has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years. Notwithstanding that, the assessment of the independence of each Independent Director was conducted annually via Annual Evaluation of Independence of Director to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

- 4.4 The Board appoints its members via a formal and transparent selection process. The NRC is responsible to consider and nominate new candidates for appointment and make the necessary recommendations to the Board for approval. In this respect, the role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's website, www.rgtech.com.my.

The Board, through the NRC, reviews correct mix of skills, business and professional experience that should be added to the Board annually or as and when required.

- 4.5 The Board has established and adopted a Gender Diversity Policy on 6 June 2018 which provides a framework for the Company to improve its gender diversity at Board level.

The objectives/principles and measures as set out in the Gender Diversity policy are as summarised below:-

Objectives/Principles

- The Company acknowledges the importance to promote gender diversity at Board level and will actively work towards having more female Directors on the Board. To avoid any mismatch and ineffective appointment of the female Directors, the Company does not set any specific target for female Directors in this policy.
- In assessing the Board composition and Board effectiveness, the Board shall accord due consideration to gender diversity, required mix of skills, experience, independence and other qualities, including core competencies, commitment, integrity and/or other commitments to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (Cont'd)

4. Board's Objectivity (Cont'd)

- 4.5 The Board has established and adopted a Gender Diversity Policy on 6 June 2018 which provides a framework for the Company to improve its gender diversity at Board level. (Cont'd)

Measures

To pursue the objectives of gender diversity, the Board will take into consideration the following measures:

- a. The NRC and the Board shall nominate or appoint a gender diverse Board with a broad spectrum of perspectives, including but not limited to education background, age, ethnicity, skills, knowledge, expertise, experience, competencies, integrity and/or other commitments that the candidate will bring to complement the Board.
- b. The NRC is responsible in ensuring that gender diversity objective is adopted in the Board recruitment and succession planning processes.
- c. The Company shall adopt a more accommodating boardroom culture and environment that is free from discrimination to attract and retain women participation at the Board level.
- d. The Company will undertake the following strategies to promote its gender diversity at the Board level:
 - recruiting from a diverse pool of candidates for female Directors;
 - reviewing succession plans to ensure an appropriate focus on gender diversity;
 - identifying specific factors to take into account the recruitment and selection adopting processes to encourage gender diversity; and
 - any other strategies the Board may develop from time to time.

The Board practises non-gender discrimination, endeavours to promote workplace diversity and supports the representation of women in the composition of Board and Senior Management positions of the Company. Currently, there is a female Director on the Board, namely, Pn. Mashitah Binti Osman.

- 4.6 The policies and procedures for recruitment and appointment of Directors are guided by the Terms of Reference of the NRC.

The NRC leverages on various sources to gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, Management and/or major shareholders, the NRC also identifies potential candidate from external sources available, such as industry and professional associations as well as independent search firms.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (Cont'd)

4. Board's Objectivity (Cont'd)

- 4.7 The NRC is chaired by Pn. Mashitah Binti Osman, an Independent Non-Executive Director of the Company. The NRC Chairperson has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

The NRC comprises the following members, all being Independent and Non-Executive as identified by the Board:-

Name of Directors	Designations
Mashitah Binti Osman (Chairperson)	Independent Non-Executive Director
Dato' Siow Kim Lun (Member)	Independent Non-Executive Chairman
Tevanaigam Randy Chitty (Member)	Independent Non-Executive Director

The activities undertaken by the NRC during the FY2020 were as follows:-

- Reviewed and recommended to the Board for adoption of the annual performance evaluation forms of the individual Director, Independent Directors, AC and the Board and Board Committees as a whole.
- Assessed and evaluated the independence of the Independent Directors.
- Assessed and evaluated the performance of each Independent Director against the criteria as set out in the evaluation form, amongst others, attendance at Board and/or Board Committee meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committees.
- Assessed and evaluated the performance of the Executive Directors against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, technology and product development, conformance and compliance, business acumen, increasing shareholders' wealth, succession planning and personal input to the role.
- Reviewed and assessed the performance of the AC.
- Reviewed and recommended to the Board the re-election of Dato' Siow Kim Lun and Mr. Tevanaigam Randy Chitty who were due for retirement by rotation pursuant to Clause 85 of the Company's Constitution at the last Annual General Meeting ("AGM") held on 29 July 2020.

5. Overall Effectiveness of the Board and Individual Directors

- 5.1 The Board has, through the NRC, conducted the following annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FY2020:-
- Performance of MD and Executive Director;
 - Performance of Non-Executive Directors;
 - Independence of the Independent Directors;
 - Performance of the AC; and
 - Effectiveness of the Board and Board Committees as a whole.

Based on the evaluations conducted in the FY2020, the NRC and the Board were satisfied with the performance of the individual Directors, the Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

- 5.1 The Board has, through the NRC, conducted the following annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FY2020:- (Cont'd)

Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During FY2020, the Board met four (4) times where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as the Group's strategic, operational and financial performance.

The number of meetings held and attended by each member of the Board and the Board Committees during the FY2020 are as follows:-

Name of Directors (Designations)	Attendance		
	Board	AC	Nomination and Remuneration Committee ("NRC")
Dato' Siow Kim Lun (Independent Non-Executive Chairman)	4/4	4/4	1/1
Yap Ban Foo (MD)	4/4	–	–
Yap Sin Sang (Executive Director)	4/4	–	–
Tevanaigam Randy Chitty (Independent Non-Executive Director)	4/4	4/4	1/1
Mashitah Binti Osman (Independent Non-Executive Director)	4/4	4/4	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

- 5.1 The Board has, through the NRC, conducted the following annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FY2020:- (Cont'd)

Directors' Trainings

During the FY2020, all Directors had attended the following training programmes in compliance with Rule 15.08 of the ACE Market LR of Bursa Securities:-

Name of Directors	Trainings attended
Dato' Siow Kim Lun	- Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018) - Capital Market Directors' Programme - Enlightenment on Shariah Resolutions - Anti-Money Laundering and Counter-Terrorism Financing - Malaysian Property Market Outlook - Briefing on Malaysia Budget 2021 - Recovery and Resolution Planning - Fraud Risk Management Workshop
Yap Ban Foo	Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)
Yap Sin Sang	- Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018) - Corporate Liability under Covid-19 - Are you ready? - Applying Business Continuity Management (BCM) to survive and thrive beyond Covid-19
Tevanaigam Randy Chitty	- Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018) - Leveraging on Tax Measures to Maximise Cashflow - Business Data Security – Legal Safeguards and Best Practices - MIA Webinar CFO & Tax Manager Specialist Series: Managing & Enhancing Tax & Legal Documentation - Post MCO Debt & Business Restructuring: Debt Recovery & Corporate Rescue Regime - MIA Webinar CFO & Tax Manager Specialist Series: Insights into Due Diligence – Tax, Legal & Financing Aspects - Post MCO Debt & Business Restructuring: Key Legal, Employment & Tax Considerations - Malaysia Tax Budget 2021: A Budget for the New Normal - Fraud Management Workshop
Mashitah Binti Osman	- Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018) - Corruption Risk and Anti -Money Laundering

The Board would on a continuous basis, evaluate and assess the training needs of each Director to keep them abreast with the state of economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III – Remuneration

6. Level and Composition of Remuneration

- 6.1 The Board had on 6 June 2018 adopted a formal and transparent Remuneration Policy that sets out the principles and guidelines for the Board and the NRC to determine the remuneration of Directors and Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available for reference on the Company's website at www.rgtech.com.my.

The Remuneration Policy is guided by the following key principles in remunerating the Directors of the Company:

- a. fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- b. fees and/or benefits (including meeting allowance) payable to Directors are subject to annual shareholders' approval at a general meeting, where notice of the proposed fees and/or benefits has been given in the notice convening the meeting;
- c. fees payable to an alternate Director (if any) shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- d. salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

The remuneration is reviewed by the NRC on an annual basis prior to making its recommendations to the Board for approval.

- 6.2 The Board, assisted by the NRC, implements the policy and procedures on the remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.

The NRC has a detailed Terms of Reference in writing which is accessible on the Company's website at www.rgtech.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III – Remuneration (Cont'd)

7. Remuneration of Directors and Senior Management

- 7.1 The remuneration payable to the Directors on the Company and the Group basis for the FY2020 is as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Defined Contribution Benefits (EPF) RM	Other Benefits# RM	Total RM
Executive Directors								
Yap Ban Foo	-	96,405	-	-	6,064	12,623	923	116,015
Yap Sin Sang	-	96,405	-	-	6,064	12,623	923	116,015
Non-Executive Directors								
Dato' Siow Kim Lun	48,000	-	-	1,800	-	-	-	49,800
Tevanaigam Randy Chitty	42,000	-	-	1,800	-	-	-	43,800
Mashitah Binti Osman	42,000	-	-	1,800	-	-	-	43,800
TOTAL	132,000	192,810	-	5,400	12,128	25,246	1,846	369,430

The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Defined Contribution Benefits (EPF) RM	Other Benefits# RM	Total RM
Executive Directors								
Yap Ban Foo	-	819,495	28,000	-	49,613	98,512	1,847	997,467
Yap Sin Sang	-	756,135	23,950	-	49,613	98,512	1,847	930,057
Non-Executive Directors								
Dato' Siow Kim Lun	48,000	-	-	1,800	-	-	-	49,800
Tevanaigam Randy Chitty	42,000	-	-	1,800	-	-	-	43,800
Mashitah Binti Osman	42,000	-	-	1,800	-	-	-	43,800
TOTAL	132,000	1,575,630	51,950	5,400	99,226	197,024	3,694	2,064,924

Note:

- # Other benefits include Social Security Organisation contribution, Employment Insurance System contribution and travelling allowance.

The Board determines the fees and benefits of all Directors, including the Non-Executive Directors. The Director's fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III – Remuneration (Cont'd)

7. Remuneration of Directors and Senior Management (Cont'd)

7.2 The remuneration of the top five (5) Senior Management of the Group is as follows:-

Range of Remuneration	No. of Senior Management Officer
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	0
RM300,001 to RM350,000	1
RM350,001 to RM400,000	2
TOTAL	5

Due to confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – AC

8. Effective and Independent AC

8.1 The positions of Chairman of the Board and Chairman of the AC are being held by two different persons. The Chairman of the Board is Dato' Siow Kim Lun, an Independent Non-Executive Director, while the Chairman of the AC is Mr. Tevanaigam Randy Chitty, also an Independent Non-Executive Director. This separation is to ensure that the Board's review of the AC's findings and recommendations are not impaired.

The separation had been set out clearly in the Terms of Reference of the AC which is accessible on the Company's website at www.rgtech.com.my.

8.2 Currently, none of the members of the AC were former key audit partners of the present auditors of the Group.

The AC has in place a policy that requires a former key partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The policy had been codified in the Terms of Reference of AC of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part I – AC (Cont'd)

8. Effective and Independent AC (Cont'd)

- 8.3 The Board had on 6 June 2018 established an External Auditors Assessment Policy which sets out the guidelines and procedures for the AC to review, assess and monitor the suitability, objectivity and independence of the External Auditors.

The AC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC carried out annual performance assessment of the External Auditors and requested the Executive Directors and Financial Controller to join the assessment.

- 8.4 The AC comprises solely of the following Independent Non-Executive Directors:-

- (a) Tevanaigam Randy Chitty (Chairman);
- (b) Dato' Siow Kim Lun (Member); and
- (c) Mashitah Binti Osman (Member).

- 8.5 The Chairman and members of the AC are financially literate and able to understand the Group's business and matters under the purview of the AC.

The NRC would also review the terms of office and performance of the AC members to determine whether they have carried out their duties in accordance with their Terms of Reference.

The AC members will continuously keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs.

Part II - Risk Management and Internal Control

9. Risk Management and Internal Control Framework

- 9.1 The Board acknowledges its overall responsibility for ensuring that a sound system of risk management and internal control is maintained throughout the Group and the need to review its effectiveness regularly. The risk management and internal control are embedded in various work processes and procedures of the respective operational functions and Management team.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the RMC.

- 9.2 The RMC is assisted by the Management as well as the outsourced Internal Auditors to identify and assess the significant risks faced by the Group and to ensure that appropriate risk treatments were in place to mitigate the risks that could be affecting the achievement of the Group's business objectives. The Internal Auditors reports directly to the AC and the internal audit plans are tabled to the AC every quarter for review to ensure adequate coverage.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part II - Risk Management and Internal Control (Cont'd)

9. Risk Management and Internal Control Framework (Cont'd)

9.3 The RMC comprises all Independent Non-Executive Directors and its members are listed as below:-

- (a) Tevanaigam Randy Chitty (Chairman);
- (b) Dato' Siow Kim Lun (Member); and
- (c) Mashitah Binti Osman (Member).

The scope and function of the RMC are set out in the Terms of Reference which is available on the Company's website at www.rgtech.com.my.

10. Effective Governance, Risk Management and Internal Control Framework

10.1 The internal audit function is outsourced to an independent professional service firm that assists the AC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors reports directly to the AC.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

The internal audit functions and activities carried out during the FY2020 are as disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

10.2 The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"). The engagement team from Sterling are free from any relationship or conflict of interest, which could impair their objectivity and independence.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

11.1 The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy had been adopted. A copy of the policy is published on the Company's website at www.rgtech.com.my.

Quarterly results, announcements and annual reports serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website, www.rgtech.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

11.2 The Company is not categorised as "Large companies" under the MCCG and hence, has not adopted integrated reporting based on a globally recognised framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Part II – Conduct of General Meetings

12. Shareholders' Participation at General Meetings

- 12.1 The notice for convening the forthcoming Eighteenth AGM ("18th AGM") of the Company which is scheduled to be held on 25 June 2021 was sent to the shareholders at least twenty-eight (28) days before the date of the 18th AGM.

The notice of the 18th AGM provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to have sufficient time to consider the resolutions that will be discussed and to make informed decisions in exercising their voting rights.

All resolutions set out in the notice of the AGM will be put to vote by poll and the votes casted will be validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings will be announced to Bursa Securities at the end of the meeting day.

- 12.2 At the previous Seventeenth AGM ("17th AGM"), all the Directors of the Company including the Chairman/ Chairperson of the AC, NRC and RMC were present in person to engage directly with shareholders and be accountable for their stewardship of the Company.

During the proceedings of the 17th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting, before putting the resolutions to vote.

All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board committees will provide meaningful response to questions addressed to them.

- 12.3 In view of the Movement Control Order as imposed by the Government to contain the spread of the COVID-19 outbreak in Malaysia, the Company will also hold its upcoming 18th AGM on a fully virtual basis and entirely via remote participation and voting. This allows the shareholders to attend, speak (including posing questions to the Company/Board) and vote remotely at the AGM without being physically present at the boardcast venue.

Shareholders who are unable to attend the AGM may appoint proxy(ies) to participate on his/her behalf by submitting the duly executed proxy form to the Company's share registrar in hard copy or by electronic means. Alternatively, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with pre-determined proxy form.

Shareholders will be allowed to cast their votes via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the ACE Market LR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FY2020. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

AUDIT COMMITTEE REPORT

A. OBJECTIVES

The Audit Committee ("AC") was established with the primary objective to assist the Board of Directors ("the Board") in fulfilling its fiduciary duties and responsibilities in accordance with its Terms of Reference, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures as well as establishing and maintaining internal controls.

B. COMPOSITION OF THE AC

The AC comprises the following members, all being Independent Non-Executive Directors of the Company:-

AC Members	Designation	Directorship
Tevanaigam Randy Chitty (Appointed on 7 August 2017)	Chairman	Independent Non-Executive Director
Dato' Siow Kim Lun (Appointed on 7 August 2017)	Member	Independent Non-Executive Chairman
Mashitah Binti Osman (Appointed on 7 August 2017)	Member	Independent Non-Executive Director

The Company has complied with Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") as the AC members fulfil the requirements as prescribed.

The authorities and duties of the AC are clearly governed by the Terms of Reference of the AC. The Terms of Reference of the AC can be accessed from the Company's website at www.rgtech.com.my.

C. SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the financial year under review, the AC convened four (4) meetings and the details of attendance of each of the AC members to the meetings are as follows:-

AC Members	Attendance
Tevanaigam Randy Chitty, Chairman	4/4
Dato' Siow Kim Lun, Member	4/4
Mashitah Binti Osman, Member	4/4

The presence of the External Auditors and/or the Internal Auditors at the AC meetings will be requested if required by the AC. Other members of the Board and officers of the Company and its subsidiaries may attend the meeting (specific to the relevant meeting and to the matters being discussed) upon the invitation of the AC.

AUDIT COMMITTEE REPORT (cont'd)

C. SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

The summary of the activities undertaken by the AC during the financial year ended 31 December 2020, amongst others, included the following:-

- i. Reviewed the unaudited consolidated quarterly financial results and annual audited financial statements of the Company including the announcements pertaining thereto. Discussion focused particularly on any changes in accounting policy and practices, significant and unusual events and compliance with accounting standards and other legal requirements before recommending to the Board for approval and making of the announcement to Bursa Securities;
- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group's financial statements for the financial year ended 31 December 2020 before the audit commenced to ensure that the scope of the external audit is comprehensive;
- iii. Reviewed with the External Auditors on the results and issues arising from their audit of the financial year and statements and their resolutions of such issues highlighted in their report to the Audit Committee;
- iv. Reviewed the reports for the internal audit function and considered the findings of internal audit reviews and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- v. Considered and recommended the re-appointment of Crowe Malaysia PLT as External Auditors and their audit fees of the Group to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit;
- vi. Reviewed the AC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendation to the Board for inclusion in the Annual Report;
- vii. Reviewed the related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were fair and reasonable, not detrimental to the minority shareholders and were in the best interests of the Company; and
- viii. Self-appraised the performance of the AC for the financial year ended 31 December 2019 and submit the evaluation to the Nomination and Remuneration Committee for assessment.

D. INTERNAL AUDIT FUNCTION

i. Appointment

The Group's internal audit function is outsourced to an independent professional consulting company, namely Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), which is independent of the activities and operations of the Group. The outsourced Internal Auditors report directly to the AC, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to review the adequacy and effectiveness of systems, procedures and controls of the Group.

AUDIT COMMITTEE REPORT (cont'd)

D. INTERNAL AUDIT FUNCTION (CONT'D)

ii. Internal audit activities

The internal audit reporting can broadly be segregated into three (3) main areas as follows:-

a. Internal Audit Plan for the Group

The internal audit plan for the Group was presented to the AC by Sterling for discussion and approval. The AC would then recommend the same or any adjustments needed to the Board for adoption.

b. Regular Internal Audit Reports

Internal audit reports were reviewed and adopted by the AC on a quarterly basis. During the financial year, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

c. Follow-up Reports

In addition, the Internal Auditors followed-up on the implementation of recommendations from prior internal audit visits and updated the AC on the status of Management-agreed action plans.

iii. Total costs incurred for the financial year

The total costs incurred for the internal audit function of the Group for the financial year ended 31 December 2020 was RM65,320.

iv. Review of internal audit function

For the financial year ended 31 December 2020, the AC is satisfied that the independence of the internal audit function have been maintained as adequate safeguards are in place. Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") acknowledges that the Company and its subsidiaries ("the Group") cannot achieve its objectives and sustain its success without effective governance, risk management and internal control processes. Effective governance, risk management and internal control processes will guide the Group to achieve a proper balance between the risks incurred and potential returns to shareholders in accordance with the Group's acceptable risk appetite.

The Board is pleased to provide the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2020. This has been prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance ("MCCG") and "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded.

The system of risk management and internal controls not only covers the financial aspect of the Group, but also the operational and compliance aspect of the Group. Given the inherent limitations in the risk management and internal control system, such a system put into effect by the Board is designed to manage rather than eliminate risks that may impede the achievement of the Group's corporate objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

RISK MANAGEMENT FRAMEWORK

The underlying objective of an effective risk management framework is to contribute to good corporate governance which will enable the Group to achieve its corporate objectives. Risk management shall be an integral part of the Group's culture and embedded into the day-to-day management of operations, processes and structures. Thus, it should be extensively applied in all decision-making and strategic planning.

The Group's Risk Management Committee ("RMC") was established on 7 August 2017 and its members are appointed by the Board. In particular, the roles and responsibilities of the RMC in relation to risk management are as follows:

- i. to recommend the Group's risk appetite and its policy for risk management to the Board;
- ii. to recommend and review the implementation of the Group's internal controls and risk management framework;
- iii. to review the processes and procedures for ensuring that all material business risks are properly identified and those appropriate systems of monitoring and control are in place;
- iv. to receive and review risk management reports and make recommendations for changes in policies and procedures as and when required;
- v. to consider material risk factors, risk tolerance levels, review the actions taken in response, mitigation and prevention actions;
- vi. to consider the effect of any material findings on business risks, financial risks, compliance risks and operational risks that may impact the Group's performance; and
- vii. to consider the effect of the risks of any findings highlighted by the internal auditor (if any) or any independent reviews carried out for the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

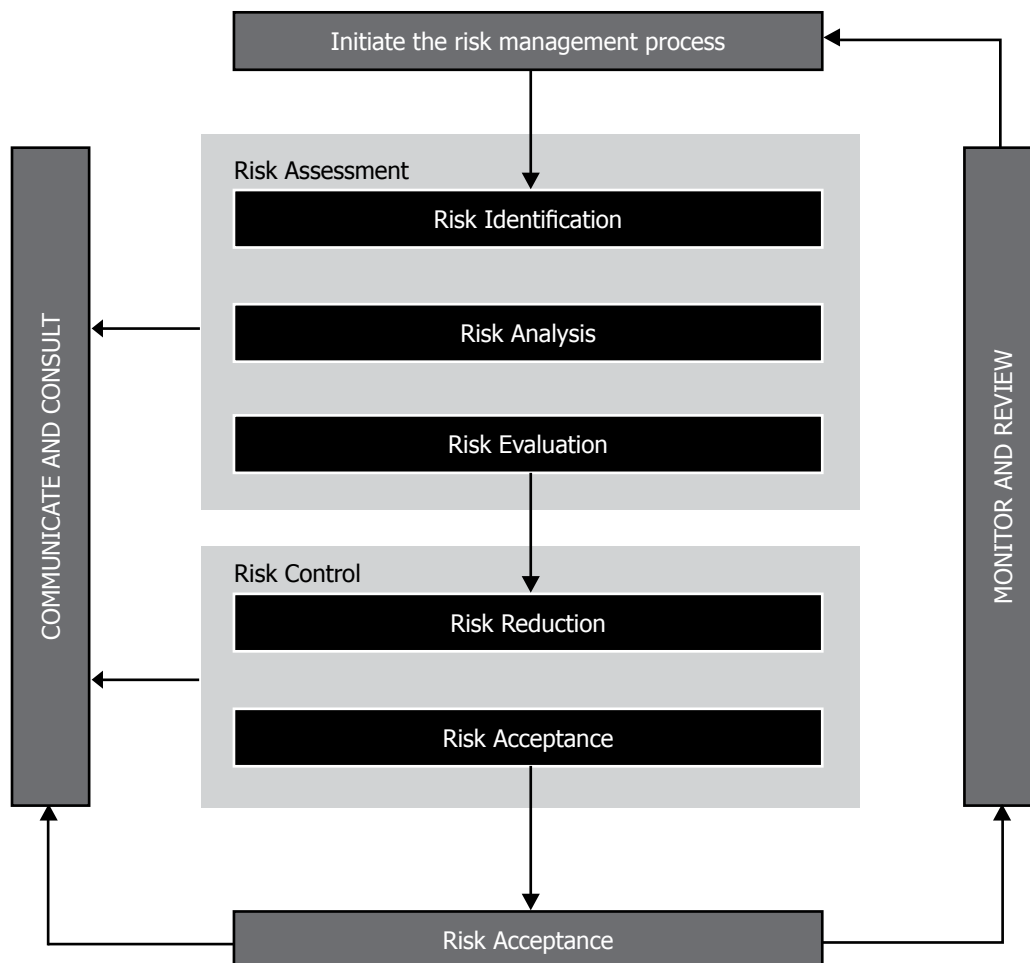
RISK MANAGEMENT FRAMEWORK (CONT'D)

The Board recognises that risk management should be an integral part of the business operation. On a day-to-day basis, the respective Key Senior Management personnel is responsible for managing risks related to their functions or departments. The Group's RMC relies on the Key Senior Management team to support in terms of:

- managing the risks of business processes under his/her control;
- identifying risks and evaluating existing risk controls;
- reporting significant risks to the RMC and the Board at scheduled meetings in a proactive, responsible and accountable manner; and
- providing oversight on the establishment, implementation and review of the effectiveness of the risk management framework and internal control systems to the RMC and the Board.

Management meetings are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are deliberated, reviewed, communicated and agreed.

The Group's risk management process can be briefly summarised as follows:



The risk management practices of the Group are an on-going process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its corporate objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to an external independent professional consulting firm to assist the Board and Audit Committee ("AC") in ascertaining the adequacy and effectiveness of the Group's internal control systems.

The firm acts as Internal Auditors and reports directly to the AC during the AC meetings. The firm is free from any relationships or conflict of interest, which could impair its objectivity and independence of the internal audit function. The firm does not have any direct operational responsibility or authority over any of the activities audited. The AC is of the opinion that the internal audit function is effective and able to function independently.

The Internal Auditors use the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Internal Control - Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. The internal audit reviews are conducted according to the approved internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. The internal audit plan is reviewed and approved by the AC, to provide reasonable assurance that such a system continues to operate satisfactorily and effectively within the Group.

On a quarterly basis, the Internal Auditors report to the AC on areas for possible improvement and the Management's response to such recommendations. Follow-up audits were also carried out and the outcome was reported to the AC to ensure weaknesses identified have been or are being addressed.

The internal audit function assists the Board and Key Senior Management team in providing an independent assessment of the effectiveness and adequacy of the Group's system of internal controls.

The assessment of the adequacy and effectiveness of the internal controls established in mitigating risks are carried out through interviews and discussions with key management staffs, review of the relevant established policies and procedures, and authority limits and observing and testing of the internal controls on a sample basis. The internal audit reviews have resulted in action plans to be taken by the Group to address the weaknesses noted. Identified enhancement opportunities are then reported to the AC, who in turn reports these matters to the Board. Any highlighted issues are followed up closely to determine the extent of the recommendation that has been implemented by the Management.

During the financial year ended 31 December 2020, four (4) internal audit reviews and four (4) follow-up reviews had been carried out and reported by Internal Auditors:

Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (January – March 2020)	June 2020	- Radiant Globaltech Berhad - Radiant Global ADC Sdn Bhd	- Finance and Accounts - Administration - COVID-19 Follow up actions on previously reported audit findings
2nd Quarter (April – June 2020)	August 2020	Radiant Globaltech Berhad and its subsidiaries	Anti-Bribery Management System Assessment Follow up actions on previously reported audited findings

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
3rd Quarter (July – September 2020)	November 2020	Radiant Global ADC Sdn Bhd	- Procurement and Sourcing - Inventory Management Follow up actions on previously reported audited findings
4th Quarter (October – December 2020)	February 2021	Radiant Global ADC Sdn Bhd	- Human Resources Management - Management Information Services / Information Technology Follow up actions on previously reported audited findings

INTERNAL CONTROL

The Board acknowledges that a sound system of internal control reduces, but cannot eliminate, the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees, management overriding controls, and the occurrence of unforeseeable circumstances.

The Group's Key Senior Management team receives and reviews regular reports on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board's attention are highlighted for review, deliberation and decision making on a timely basis. The Board will approve the appropriate responses or amendments to the Group's policies.

The internal control matters are reviewed and the Board is updated on significant control gaps, if any, for the Board's attention and action. Issues relating to the business operations are also highlighted to the Board's attention during the Board meetings and any significant fluctuation or exception noted will be analysed and acted in a timely manner.

The key elements of the Group's internal control systems are as follows:

- Organisational and Reporting Structure

A formal organisational structure has also been put in place with well-defined scope of responsibilities, clear lines of accountability and appropriate level of delegated authority. The Group has also put in place consistent human resource practices throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing the necessary knowledge, skills and experience in order to carry out their duties and responsibilities effectively and efficiently.

- Policies and Procedures

The Group has established internal policies and procedures covering key business units and operations. These policies and procedures are regularly reviewed and updated to ensure it is relevant in addressing the changing environment, operational requirements and changes in risks.

Information pertaining to internal control policies, procedures and processes which are critical to the achievement of the Group's corporate objectives are communicated through established reporting lines across the Group via electronic mail system, internal meetings and briefings. Further, the Group also maintains documented policies, procedures and process flows for its key business operations with the appropriate level of delegated authority. The documented internal policies, procedures and processes are in place to ensure compliance with the internal control systems and relevant laws and regulations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL CONTROL (CONT'D)

- Internal Audit Function

Periodic management meetings are held to discuss and review the Group's financial data, and operational performance of various operating units according to the internal audit plan approved by the AC. Issues and/or matters that require the Board and Key Senior Management team's attention will be highlighted, deliberated and decided upon in a timely manner. Periodic reviews of adequacy and integrity of selected areas of internal control systems are carried out and reported to the Board for deliberation, decision making and further action. Follow-ups on status of implementation of agreed action plans are also conducted to ensure corrective actions are implemented accordingly. Audit reviews were carried out quarterly.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Group adopts a zero-tolerance approach to all forms of bribery and corruption. The Group is committed in conducting its business free from any acts of bribery and corruption by upholding high standards of ethics and integrity. The Group has established an anti-bribery and anti-corruption policy which prohibits all forms of bribery and corruption practices. All employees are required to read and understand the policy and to take an assessment test. All business partners including consultants and contractors are required to acknowledge and agree to comply with the Group's anti-bribery and anti-corruption policy. The said policy is also made available at the Company's website.

WHISTLEBLOWING POLICY

The Group has put in place a whistleblowing policy which allows, supports and encourages its employees to report and disclose any improper, alleged or illegal activities within the Group. The whistleblowing policy is made available at the Company's website.

ASSURANCE

The Managing Director of the Group has provided assurance to the Board that the Group's systems of risk management and internal control is operating adequately and effectively for the financial year under review and up to date as of this Statement.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required under Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants (MIA). Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

CONCLUSION

The Board is of the view that the Group's systems of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's systems of internal controls and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's systems of risk management and internal controls.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad on 24 July 2018 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 128,080,000 new ordinary shares and offer for sale of 12,000,000 existing shares at an issue/offer price of RM0.23 per ordinary share, raising gross proceeds of RM29.458 million.

The status of the utilisation of the proceeds as at 31 December 2020 is as follows:

No.	Purpose	Proposed Revised Utilisation RM'000	Actual Utilisation ⁽¹⁾ RM'000	Intended Timeframe for Utilisation (from the listing date)
i.	Business and capital expansion	1,742	1,742	Within 36 months
ii.	Working capital	5,174	5,174	Within 36 months
iii.	Expansion of retail software business	1,374	1,374	Within 36 months
iv.	Repayment of bank borrowings	6,469	6,469	Within 6 months
v.	Estimated listing expenses	3,215	3,215	Within 3 months
vi.	Acquisition of GF Spritvest ⁽²⁾	11,484	11,484	Refer to Note [2]
	Total	29,458	29,458	

Notes:

⁽¹⁾ The actual utilisation for repayment of bank borrowings amounted to RM6.47 million, while that for listing expenses amounted to RM3.22 million. In accordance with section 3.6(v) of the Prospectus, the excess arising therefrom amounting to RM0.42 million will be used for working capital purposes. Subsequently, the said deviation has been fully utilised for the Company and its subsidiaries' ("the Group") operating expenses as at the 31 December 2020.

⁽²⁾ The proposed variation to the proceeds of RM11.48 million raised from the Company's initial public offering which was completed on 24 July 2018 ("Proposed Variation") was to part-finance the proposed acquisition of 80% equity interest in Grand-Flo Spritvest Sdn. Bhd. ("GF Spritvest"), comprising 800,000 ordinary shares in GF Spritvest from Grand-Flo Berhad, for a total cash consideration of RM11,600,000 ("Proposed Acquisition"). The Proposed Acquisition and Proposed Variation were duly approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 23 October 2020.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the financial year ended 31 December 2020 ("FY2020") are as follows:-

No.	Type of Services	Fee (RM)	
		Company RM'000	Group RM'000
i.	Audit		
	- Current Year	65	212
	- Under-provision in prior year	-	-
ii.	Non-audit	6	6
	Total	71	218

ADDITIONAL COMPLIANCE INFORMATION

(cont'd)

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving the interest of the Company's Directors and/or major shareholders, either still subsisting at the end of the FY2020, or which were entered into since the end of the previous financial year except the following:-

On 10 September 2020, the Company had entered into a Conditional Share Sale Agreement with Grand-Flo Berhad [Registration No. 200301004972 [607392-W]] ("the Vendor") in relation to the proposed acquisition of 80% equity interest in Grand-Flo Spritvest Sdn. Bhd. [Registration No. 199501019036 [348239-W]] ("GF Spritvest"), comprising 800,000 ordinary shares in GF Spritvest, from the Vendor for a total cash consideration of RM11,600,000. The acquisition was completed on 1 November 2020.

As at 30 September 2020, Mr. Yap Ban Foo, the Managing Director of the Company, and Mr. Yap Sin Sang, the Executive Director – Operations of the Company, are the shareholders respectively holding less than 1% of shares in the Vendor.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

The list of recurrent related party transactions of revenue or trading nature entered into by the Group is disclosed in Note 38 to the Financial Statements for the FY2020 on pages 117 to 119 of this Annual Report. For the FY2020, no shareholder mandate was sought for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors of the Company is required by the Companies Act 2016 ("CA 2016") to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the financial performance of the Group and of the Company for the financial year then ended.

In preparing the financial Statements for the financial year ended 31 December 2020, the Directors have:-

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensure applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy, the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the CA 2016.

The Directors have general responsibilities for taking such steps that the appropriate systems are reasonably available to safeguard the assets of the Group and the Company, to prevent and detect fraud and other irregularities and material misstatements.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of retail technology software solutions and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	357,579	654,461
Attributable to:-		
Owners of the Company	1,600,335	654,461
Non-controlling interests	(1,242,756)	-
	357,579	654,461

DIVIDEND

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT (cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of new subsidiary as disclosed in Note 35 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Yap Ban Foo
Yap Sin Sang
Dato' Siow Kim Lun @ Siow Kim Lin
Tevanaigam Randy Chitty
Mashitah Binti Osman

The names of the directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Tran Phu Vinh
Lim Kiat Hin (First Director)
Ong Eng Hu (First Director)
Wong Wei Ming (First Director)
Thammanoon Korkiatwanich
Cheng Ping Liong
Chong Jen Tsin (Resigned on 1.6.2020)
Dato' Sri Yap Ngan Choy (Resigned on 14.12.2020)
Dato' Sri Yap Fook Choy (Resigned on 14.12.2020)
Yap Chun Theng (Resigned on 14.12.2020)
Sae-Yap Atthakavit (Resigned on 14.12.2020)
Tan Bak Hong (Resigned on 14.12.2020)

DIRECTORS' REPORT

(cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	----- Number of Ordinary Shares -----			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
<i>Direct Interests</i>				
Dato' Siow Kim Lun @ Siow Kim Lin	500,000	-	-	500,000
Tevanaigam Randy Chitty	900,000	300,000	-	1,200,000
Mashitah Binti Osman	100,000	-	-	100,000
<i>Indirect Interests</i>				
Yap Ban Foo*	171,232,800	-	(2,000,000)	169,232,800
Yap Sin Sang#	139,463,200	-	(2,000,000)	137,463,200

* Deemed interested by virtue of his interest in Global Merits Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

Deemed interested by virtue of his interest in Practical Resources Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

By virtue of their shareholdings in the Company, Yap Ban Foo and Yap Sin Sang are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8(4) of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 38(c) to the financial statements.

DIRECTORS' REPORT

(cont'd)

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM5,000,000 and RM12,900 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

The significant events during the financial year and subsequent event are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed in accordance with a resolution of the directors dated 27 April 2021.

Yap Ban Foo

Yap Sin Sang

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Yap Ban Foo and Yap Sin Sang, being two of the directors of Radiant Globaltech Berhad, state that, in the opinion of the directors, the financial statements set out on pages 62 to 139 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 27 April 2021.

Yap Ban Foo

Yap Sin Sang

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lee Sook Kuan, MIA Membership Number: 40568, being the officer primarily responsible for the financial management of Radiant Globaltech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 62 to 139 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lee Sook Kuan,
at Kuala Lumpur
in the Federal Territory
on this 27 April 2021

Lee Sook Kuan

Before me

Datin Hajah Raihela Wanchik (No. W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Radiant Globaltech Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 139.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD
(cont'd)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of intangible assets and goodwill	
Refer to Notes 8 and 9 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2020, the carrying amount of the Group's intangible assets and goodwill from a cash-generating unit ("CGU") amounted to approximately RM1.8 million and RM8.2 million respectively. We focused on these areas due to the significant amount of the intangible assets and goodwill, and the inherent judgements involved in determining the useful life, revenue forecasts, profit margins and discount rates.	Our procedures included, amongst others:- (a) Reviewed management's estimate of the recoverable amount and test of the cash flows forecast for their accuracy; (b) Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount; (c) Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business and trend analysis; (d) Performed sensitivity analysis over the key assumptions to understand the impact of changes over the valuation model; and (e) Assessing the adequacy of disclosure of goodwill in the financial statements.
Recoverability of trade receivables	
Refer to Note 12 to the financial statements	
The trade receivables of the Group amounted to approximately RM27.2 million of which approximately RM10.3 million exceeded their credit terms. Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay. We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement.	Our procedures included, amongst others:- (a) Obtained an understanding of:- • the Group's control over the trade receivables collection process; • how the Group identifies and assesses the impairment of trade receivables; and • how the Group makes the accounting estimates for impairment. (b) Reviewed the ageing analysis of trade receivables and tested its reliability; (c) Reviewed subsequent cash collections for major trade receivables and overdue amounts; (d) Made inquiries of management regarding the action plans to recover overdue amounts; (e) Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; (f) Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and (g) Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD
(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD
(cont'd)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur
27 April 2021

Gerald Lau Beng Tong
03523/08/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	29,536,121	17,256,001
Property, plant and equipment	6	1,669,688	1,096,820	324,258	373,906
Right-of-use assets	7	11,225,213	11,499,813	4,191,104	4,281,044
Intangible assets	8	1,758,756	2,303,790	–	–
Goodwill	9	8,151,995	–	–	–
Deferred tax assets	10	601,140	925,824	–	–
		23,406,792	15,826,247	34,051,483	21,910,951
CURRENT ASSETS					
Inventories	11	7,490,834	5,641,542	–	–
Trade receivables	12	27,208,882	31,057,180	1,860,635	1,646,833
Other receivables, deposits and prepayments	13	3,699,206	3,128,371	125,251	341,659
Amount owing by subsidiaries	14	–	–	3,098,631	4,964,366
Current tax assets		4,285,973	1,680,131	239,300	–
Short-term investments	15	21,279,512	2,088,610	17,790,531	–
Fixed deposits with licensed banks	16	1,040,161	18,788,854	–	17,656,072
Cash and bank balances		18,751,085	18,530,982	947,225	8,102,385
		83,755,653	80,915,670	24,061,573	32,711,315
TOTAL ASSETS		107,162,445	96,741,917	58,113,056	54,622,266

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020

(cont'd)

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	48,153,374	48,153,374	48,153,374	48,153,374
Merger deficit	18	(13,680,805)	(13,680,805)	–	–
Foreign exchange translation reserve	19	(283,433)	(245,372)	–	–
Retained profits		31,054,476	29,454,141	5,443,879	4,789,418
Equity attributable to owners of the Company		65,243,612	63,681,338	53,597,253	52,942,792
Non-controlling interests	5	1,220,466	884,580	–	–
TOTAL EQUITY		66,464,078	64,565,918	53,597,253	52,942,792
NON-CURRENT LIABILITIES					
Provision	20	336,203	–	–	–
Lease liabilities	21	322,553	392,471	–	–
Term loan	22	–	758,721	–	–
Deferred revenue	23	299,052	474,741	–	–
Deferred tax liability	24	44,500	111,800	–	–
		1,002,308	1,737,733	–	–
CURRENT LIABILITIES					
Trade payables	25	15,802,070	16,554,413	390,252	372,524
Other payables and accruals	26	19,920,593	12,538,334	3,774,763	1,265,358
Amount owing to subsidiaries	14	–	–	350,788	–
Amount owing to related parties	27	1,856,897	3,720	–	–
Amount owing to directors	28	120,000	106,452	–	–
Lease liabilities	21	547,925	440,406	–	–
Term loan	22	720,574	640,970	–	–
Bankers' acceptances	29	728,000	–	–	–
Current tax liabilities		–	153,971	–	41,592
		39,696,059	30,438,266	4,515,803	1,679,474
TOTAL LIABILITIES		40,698,367	32,175,999	4,515,803	1,679,474
TOTAL EQUITY AND LIABILITIES		107,162,445	96,741,917	58,113,056	54,622,266

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	30	76,133,971	81,959,339	6,409,072	6,483,653
COST OF SALES		(49,457,967)	(51,955,885)	(3,285,334)	(3,002,944)
GROSS PROFIT		26,676,004	30,003,454	3,123,738	3,480,709
OTHER INCOME		2,259,161	1,519,000	561,950	668,332
		28,935,165	31,522,454	3,685,688	4,149,041
SELLING AND DISTRIBUTION EXPENSES		(1,060,014)	(1,339,301)	–	(10,000)
ADMINISTRATIVE EXPENSES		(23,398,387)	(20,347,217)	(2,431,194)	(1,694,008)
OTHER EXPENSES		(2,460,375)	(1,663,525)	(183,935)	(162,561)
FINANCE COSTS		(138,414)	(194,876)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	31	(747,244)	(24,485)	(191,822)	(34,949)
PROFIT BEFORE TAXATION	32	1,130,731	7,953,050	878,737	2,247,523
INCOME TAX EXPENSE	33	(773,152)	(2,072,451)	(224,276)	(226,634)
PROFIT AFTER TAXATION		357,579	5,880,599	654,461	2,020,889
OTHER COMPREHENSIVE EXPENSES					
<u>Item that Will be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(59,601)	(11,826)	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		297,978	5,868,773	654,461	2,020,889

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		1,600,335	5,596,019	654,461	2,020,889
Non-controlling interests		(1,242,756)	284,580	–	–
		357,579	5,880,599	654,461	2,020,889
TOTAL COMPREHENSIVE					
INCOME ATTRIBUTABLE TO:-					
Owners of the Company		1,562,274	5,584,193	654,461	2,020,889
Non-controlling interests		(1,264,296)	284,580	–	–
		297,978	5,868,773	654,461	2,020,889
EARNINGS PER SHARE (SEN)					
Basic	34	0.30	1.07		
Diluted	34	0.30	1.07		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
The Group								
Balance at 1.1.2019		48,153,374	(13,680,805)	(233,546)	24,383,322	58,622,345	-	58,622,345
Profit after taxation for the financial year		-	-	-	5,596,019	5,596,019	284,580	5,880,599
Other comprehensive expenses for the financial year:								
- Foreign currency translation differences		-	-	(11,826)	-	(11,826)	-	(11,826)
Total comprehensive income for the financial year		-	-	(11,826)	5,596,019	5,584,193	284,580	5,868,773
Distribution to owners of the Company:								
- Dividend	36	-	-	-	(525,200)	(525,200)	-	(525,200)
Acquisition of subsidiaries	35	-	-	-	-	-	600,000	600,000
Balance at 31.12.2019		48,153,374	(13,680,805)	(245,372)	29,454,141	63,681,338	884,580	64,565,918

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

The Group	Note	Share Capital RM	--- Non-distributable ---			Distributable		Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
			Merger Deficit RM	Foreign Exchange Translation Reserve RM		Retained Profits RM				
Balance at 31.12.2019/1.1.2020		48,153,374	(13,680,805)	(245,372)		29,454,141		63,681,338	884,580	64,565,918
Profit after taxation for the financial year		-	-	-		1,600,335		1,600,335	(1,242,756)	357,579
Other comprehensive expenses for the financial year:										
- Foreign currency translation differences		-	-	(38,061)		-		(38,061)	(21,540)	(59,601)
Total comprehensive income for the financial year		-	-	(38,061)		1,600,335		1,562,274	(1,264,296)	297,978
Issuance of shares to non-controlling interests by subsidiaries		-	-	-		-		-	738,180	738,180
Acquisition of subsidiaries	35	-	-	-		-		-	862,002	862,002
Balance at 31.12.2020		48,153,374	(13,680,805)	(283,433)		31,054,476		65,243,612	1,220,466	66,464,078

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

	Note	Share Capital RM	Distributable Retained Profits RM	Total Equity RM
The Company				
Balance at 1.1.2019		48,153,374	3,293,729	51,447,103
Profit after taxation/Total comprehensive income for the financial year		–	2,020,889	2,020,889
Distribution to owners of the Company: - Dividend	36	–	(525,200)	(525,200)
Balance at 31.12.2019/1.1.2020		48,153,374	4,789,418	52,942,792
Profit after taxation/Total comprehensive income for the financial year		–	654,461	654,461
Balance at 31.12.2020		48,153,374	5,443,879	53,597,253

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1,130,731	7,953,050	878,737	2,247,523
Adjustments for:-				
Amortisation of intangible assets	684,381	556,977	-	-
Depreciation of property, plant and equipment	424,139	256,600	40,478	43,705
Depreciation of right-of-use assets	896,483	687,369	89,940	71,243
Impairment losses on intangible assets	429,773	-	-	-
Unrealised loss/(gain) on foreign exchange	84,535	93,696	7,194	(775)
Interest expense on lease liabilities	35,600	60,068	-	-
Interest expenses	102,814	134,808	-	-
Impairment losses on trade receivables	773,843	72,737	191,822	34,949
Provision	336,203	-	-	-
Inventories written down	1,021,481	1,142,770	-	-
Interest income	(626,284)	(860,599)	(435,409)	(667,557)
Reversal of impairment losses on trade receivables	(26,599)	(48,252)	-	-
Gain on disposal of an associate	-	(297,961)	-	-
Waiver of amount owing to a director	-	(247,445)	-	-
Operating profit before working capital changes	5,267,100	9,503,818	772,762	1,729,088
Decrease/(Increase) in inventories	73,554	(705,497)	-	-
Decrease/(Increase) in trade and other receivables	12,564,746	(15,738,354)	(196,410)	2,999,075
(Decrease)/Increase in trade and other payables	(5,632,446)	16,524,097	3,052,333	78,791
Decrease in amount owing by subsidiaries	-	-	1,865,735	285,346
Increase in amount owing to subsidiaries	-	-	350,788	-
Decrease in amount owing by related parties	-	186,913	-	-
Increase/(Decrease) in amount owing to related parties	1,853,177	(16,202)	-	-
CASH FROM OPERATIONS	14,126,131	9,754,775	5,845,208	5,092,300
Interest paid	(836)	-	-	-
Income tax paid	(2,552,735)	(2,871,609)	(505,168)	(154,832)
Income tax refund	-	898,862	-	266,633
NET CASH FROM OPERATING ACTIVITIES	11,572,560	7,782,028	5,340,040	5,204,101

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Acquisition of subsidiaries	35(b)	(7,846,656)	(2,046,750)	(11,600,000)	(2,050,000)
Proceeds from disposal of an associate		–	500,000	–	500,000
Proceeds from disposal of Property, plant and equipment		15,390	–	15,390	–
Proceeds from issuance of shares to non-controlling interests		738,180	–	–	–
Purchase of property, plant and equipment		(792,514)	(165,123)	(6,220)	(44,496)
Purchase of intangible assets		(567,864)	–	–	–
Purchase of right-of-use assets	37(a)	–	(1,602,620)	–	(1,602,620)
Interest received		626,284	692,295	435,409	499,253
Withdrawal/(Placement) fixed deposits with tenure more than 3 months		11,512,506	(1,079,140)	–	(405,574)
(Decrease)/Increase in pledged fixed deposits with licensed banks		(14,311)	(17,284)	11,405,574	–
Investments in subsidiaries		–	–	(680,120)	–
NET CASH FROM/(FOR) INVESTING ACTIVITIES		3,671,015	(3,718,622)	(429,967)	(3,103,437)
CASH FLOWS FOR FINANCING ACTIVITIES					
Interest paid	37(b)	(137,578)	(194,876)	–	–
Dividend paid		(525,000)	–	(525,200)	–
Repayment of term loan	37(b)	(679,117)	(607,147)	–	–
Repayment of lease liabilities	37(b)	(615,733)	(438,954)	–	–
Advances/(Repayment) from directors	37(b)	13,548	(66,310)	–	–
NET CASH FOR FINANCING ACTIVITIES		(1,943,880)	(1,307,287)	(525,200)	–

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,299,695	2,756,119	4,384,873	2,100,664
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(139,188)	(77,931)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		26,870,090	24,191,902	14,352,883	12,252,219
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	40,030,597	26,870,090	18,737,756	14,352,883

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 03-06 & 03-07, Level 03, Tower B, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 April 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of retail technology software solutions and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 16: COVID-19 - Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Amortisation of Intangible Assets

The estimates for the residual values, useful lives and related amortisation charges for the intangible assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its intangible assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of intangible assets as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Impairment of Intangible assets

The Group determines whether intangible assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of intangible assets as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the COVID-19 pandemic and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amounts of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 12 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements.

(h) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of the current tax assets and current tax liabilities as at the reporting date are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax assets	4,285,973	1,680,131	239,300	-
Current tax liabilities	-	153,971	-	41,592

(i) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(j) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 35 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party or parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments (Cont'd)

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or 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.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	16% - 20%
Furniture and fittings	8% - 25%
Office equipment	12% - 33%
Renovation	8% - 10%
Computers	20% - 33%
Tools and equipment	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.8 INTANGIBLE ASSETS

Intangible asset is measured at cost less accumulated amortisation and impairment losses, if any.

The intangible asset is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the intangible asset is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on this financial asset is estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be 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 interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Defined Benefits Plans

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss under the staff.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or 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 profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.16 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.18 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.

4.19 DEFERRED REVENUE

Deferred revenue represents cash received/receivable from customers for services not yet rendered at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

(a) Sale of Goods

Revenue from sale of hardware is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

Interest Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020	2019
	RM	RM
Unquoted shares, at cost	29,536,121	17,256,001

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Subsidiaries of the Company				
Radiant Global ADC Sdn. Bhd. ("RGM")	Malaysia	100	100	Trading in retail technology hardware, provision of maintenance and technical support services, and investment holding.
Radiant Global Solutions Sdn. Bhd. ("RGS")	Malaysia	100	100	Provision of retail technology software solutions.
Infoconnect Commerce Sdn. Bhd. ("ICC")	Malaysia	100	100	Provision of computer consultancy, computer programming activities and wholesale of a variety of goods without any particular specialisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Subsidiaries of the Company (Cont'd)				
Adaptive POS Sdn. Bhd. ("ADP")	Malaysia	70	70	Provision of computer consultancy, computer programming activities and wholesale of a variety of goods without any particular specialisation.
Radiant Global ADC Cambo Pte. Ltd. #	Cambodia	100	100	Trading in retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.
Rgtech Simat Co. Ltd ("RGSIMAT") #	Thailand	49	–	IT services business, hardware distribution, software development and maintenance.
Grand-Flo Spritvest Sdn. Bhd. ("GFS")	Malaysia	80	–	Provision of information technology solutions specialising in automated data collection processes and mobile computing.
Subsidiary of RGM				
Radiant Global ADC Vietnam Co., Ltd. #	Vietnam	100	100	Trading of retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
Subsidiary of RGS				
RG Posconnect Sdn. Bhd. ("RGP")	Malaysia	70	–	Wholesale of computer hardware,software and peripherals.
Subsidiary of ICC				
RG Gateway Sdn. Bhd. ("RGGW") *	Malaysia	70	–	Wholesale of computer hardware,software and peripherals.

Notes:-

These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

* The consolidation was done based on the management's financial statement.

(a) On 8 January 2020, the Company entered into a Shareholders Agreement with Simat Technologies Public Company Limited, Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa to jointly form a new company, RGSIMAT with a registered capital of THB10,000,000 in Thailand as the Special Purpose Vehicle to undertake the business of sale of hardware, software, network equipment, development of information technology solutions and maintenance services in Thailand. The Company subscribed for 490,000 ordinary shares at an issue price of RM10 each for a 49% stake in RGSIMAT.

(b) On 1 June 2020, RGS, a wholly-owned subsidiary of the Company, has incorporated a subsidiary known as RGP with an issued and paid-up share capital of RM100,000 comprising of 100,000 ordinary shares. The Company subscribed for 70,000 ordinary shares at an issue price of RM1 each. Following the subscription, RGP became a 70%-owned subsidiary of the Company.

(c) On 10 September 2020, the Company has entered into a Conditional Shares Sales Agreement ("CSSA") with Grand-Flo Berhad for the proposed acquisition of 800,000 GFS shares, representing 80% of the issued share capital of GFS for a consideration of RM11,600,000.

On 1 November 2020, all the conditions precedent stipulated in the CSSA have been fulfilled and the proposed acquisition has been completed. The details of the acquisition are disclosed in Note 35 to the financial statements.

(d) On 4 November 2020, ICC, a wholly-owned subsidiary of the Company, has incorporated a subsidiary known as RGGW with an issued and paid-up share capital of RM1,000 comprising of 1,000 ordinary shares. The Company subscribed for 700 shares at an issue price of RM1 each. Following the subscription, RGGW became a 70%-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) Although the Company owns less than half of the voting power in RGSIMAT, the Company controls this subsidiary by virtue of an agreement with other investor of RGSIMAT. Consequently, the Company consolidates its investment in this subsidiary.
- (f) In the previous financial year, the Company has acquired 100% equity interest in ICC and 70% equity interest in ADP.
- (g) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM	2019 RM
ADP	30	30	605,333	884,580
RGSIMAT	51	–	(592,641)	–
GFS	20	–	1,187,282	–
RGP	30	–	21,246	–
RGGW	30	–	(754)	–
			1,220,466	884,580

- (h) The summarised financial information (before intra-group elimination and fair value adjustments) for each subsidiary that has non-controlling interest that is material to the Group is as follows:-

	ADP 2020 RM	RGSIMAT 2020 RM	GFS 2020 RM
<u>At 31 December</u>			
Non-current assets	1,205,000	711,666	595,955
Current assets	1,152,841	3,180,735	23,352,294
Non-current liabilities	–	(199,635)	(161,009)
Current liabilities	(507,000)	(4,854,807)	(17,850,832)
Net assets/(liabilities)	1,850,841	(1,162,041)	5,936,408
<u>Financial Year Ended 31 December</u>			
Revenue	975,953	4,639,228	12,124,025
(Loss)/Profit for the financial year	(880,236)	(2,507,805)	1,626,402
Total comprehensive (expenses)/income	(880,236)	(2,550,041)	1,626,402
Total comprehensive (expenses)/income attributable to non-controlling interests	(264,071)	(1,278,981)	325,280
Net cash flows (for)/from operating activities	(311,373)	(2,811,726)	3,848,120
Net cash flows for investing activities	–	(33,181)	(1,500)
Net cash flows from/(for) financing activities	–	3,785,826	(219,221)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (h) The summarised financial information (before intra-group elimination and fair value adjustments) for each subsidiary that has non-controlling interest that is material to the Group is as follows (Cont'd):-

	ADP 2019 RM
<u>At 31 December</u>	
Non-current asset	1,600,000
Current assets	1,479,929
Non-current liability	(96,000)
Current liabilities	(252,852)
Net assets	2,731,077
<u>Financial Year Ended 31 December</u>	
Revenue	2,105,829
Profit for the financial year/Total comprehensive income	984,011
Total comprehensive income attributable to non-controlling interest	295,203
Net cash flows from operating activities	742,589

Summarised financial information of other non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2020 RM	Additions RM	Disposal RM	Depreciation Charges RM	Acquisition of Subsidiaries (Note 35) RM	Exchange Fluctuation Differences RM	At 31.12.2020 RM
2020							
<i>Carrying Amount</i>							
Motor vehicles	60,263	–	–	(25,337)	78,921	(300)	113,547
Furniture and fittings	294,585	5,250	(15,390)	(38,829)	14,817	(3)	260,430
Office equipment	187,588	39,923	–	(72,499)	29,758	(9)	184,761
Renovation	554,383	–	–	(73,643)	26,024	–	506,764
Computers	1	–	–	(5,823)	70,189	–	64,367
Tools and equipment	–	747,341	–	(208,008)	–	486	539,819
	1,096,820	792,514	(15,390)	(424,139)	219,709	174	1,669,688

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2019 RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2019 RM
2019					
<i>Carrying Amount</i>					
Motor vehicles	79,622	–	(19,051)	(308)	60,263
Furniture and fittings	337,072	2,822	(45,298)	(11)	294,585
Office equipment	176,393	83,027	(71,800)	(32)	187,588
Renovation	595,560	79,274	(120,451)	–	554,383
Computers	1	–	–	–	1
	1,188,648	165,123	(256,600)	(351)	1,096,820

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
Motor vehicles	491,042	(377,495)	113,547
Furniture and fittings	468,369	(207,939)	260,430
Office equipment	553,790	(369,029)	184,761
Renovation	1,300,198	(793,434)	506,764
Computers	459,214	(394,847)	64,367
Tools and equipment	747,341	(207,522)	539,819
	4,019,954	(2,350,266)	1,669,688

2019			
Motor vehicles	264,917	(204,654)	60,263
Furniture and fittings	449,866	(155,281)	294,585
Office equipment	455,126	(267,538)	187,588
Renovation	1,222,365	(667,982)	554,383
Computers	14,348	(14,347)	1
	2,406,622	(1,309,802)	1,096,820

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2020 RM	Additions RM	Disposal RM	Depreciation Charges RM	At 31.12.2020 RM
2020					
<i>Carrying Amount</i>					
Furniture and fittings	175,533	5,250	(15,390)	(17,277)	148,116
Office equipment	349	970	–	(137)	1,182
Renovation	198,024	–	–	(23,064)	174,960
	373,906	6,220	(15,390)	(40,478)	324,258

	At 1.1.2019 RM	Addition RM	Depreciation Charges RM	At 31.12.2019 RM
2019				
<i>Carrying Amount</i>				
Furniture and fittings	196,133	–	(20,600)	175,533
Office equipment	389	–	(40)	349
Renovation	176,593	44,496	(23,065)	198,024
	373,115	44,496	(43,705)	373,906

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Company			
2020			
Furniture and fittings	195,860	(47,744)	148,116
Office equipment	1,369	(187)	1,182
Renovation	230,646	(55,686)	174,960
	427,875	(103,617)	324,258
2019			
Furniture and fittings	206,000	(30,467)	175,533
Office equipment	399	(50)	349
Renovation	230,646	(32,622)	198,024
	437,045	(63,139)	373,906

Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicle held in trust by a director with a carrying amount of RM1 (2019 - RM1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

7. RIGHT-OF-USE ASSETS

The Group

2020

Carrying Amount

	1.1.2020 RM	Addition RM	Modification of Lease Liabilities RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	Acquisition of Subsidiaries (Note 35) RM	At 31.12.2020 RM
Leasehold land and building	3,342,102	-	-	(66,842)	-	-	3,275,260
Office buildings	7,424,256	-	-	(159,096)	-	-	7,265,160
Offices	325,514	398,759	(4,552)	(471,327)	3,024	224,652	476,070
Motor vehicles	407,941	-	-	(199,218)	-	-	208,723
	11,499,813	398,759	(4,552)	(896,483)	3,024	224,652	11,225,213

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

7. RIGHT-OF-USE ASSETS (CONT'D)

The Group	At 1.1.2019 RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2019 RM
2019					
<i>Carrying Amount</i>					
Leasehold land and building	3,408,944	–	(66,842)	–	3,342,102
Office buildings	5,962,036	1,602,620	(140,400)	–	7,424,256
Offices	–	604,700	(280,909)	1,723	325,514
Motor vehicles	607,159	–	(199,218)	–	407,941
	9,978,139	2,207,320	(687,369)	1,723	11,499,813
				2020 RM	2019 RM
Analysed by:-					
Cost				14,243,959	13,946,954
Accumulated depreciation				(3,018,746)	(2,447,141)
				11,225,213	11,499,813
2020					
<i>Carrying Amount</i>					
Office buildings	4,281,044	–	(89,940)		4,191,104
	At 1.1.2020 RM	Addition RM	Depreciation Charge RM		At 31.12.2020 RM
2019					
<i>Carrying Amount</i>					
Office buildings	2,749,667	1,602,620	(71,243)		4,281,044

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

7. RIGHT-OF-USE ASSETS (CONT'D)

	2020 RM	2019 RM
Analysed by:-		
Cost	4,497,007	4,497,007
Accumulated depreciation	(305,903)	(215,963)
	4,191,104	4,281,044

- (a) The Group and the Company leases leasehold land and building, office buildings, motor vehicles and various offices of which the leasing activities are summarised below:-

- (i) Leasehold land and building The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 75 years with no renewal or purchase option included in the agreement. The lease do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Office buildings The Group has entered into 4 (2019 - 4) non-cancellable operating lease agreements for the use of office buildings. The leases are for a period of 99 (2019 - 99) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the office building. A tenancy is, however, allowed with the consent of the lessor.
- (iii) Offices The Group has leased a number of offices that run between 1 to 3 years (2019 - 1 to 3 years), with an option to renew the lease after that date. The Group is not allowed to sublease certain offices.
- (iv) Motor vehicles The Group has leased its motor vehicles under hire purchase arrangements. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

- (b) The leasehold land and building and certain office buildings of the Group and of the Company have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 22 and 29 to the financial statements.

- (c) The Group also has leases with lease terms of 12 months or less and leases of laptop with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

8. INTANGIBLE ASSETS

	The Group	
	2020 RM	2019 RM
Cost:-		
At 1 January	2,860,767	-
Addition	567,864	-
Acquisition of subsidiaries (Note 35)	-	2,860,767
At 31 December	3,428,631	2,860,767
Accumulated amortisation:-		
At 1 January	(556,977)	-
Amortisation during the financial year (Note 32)	(684,381)	(556,977)
At 31 December	(1,241,358)	(556,977)
Accumulated impairment losses:-		
At 1 January	-	-
Impairment during the financial year (Note 32)	(429,773)	-
At 31 December	(429,773)	-
Exchange fluctuation difference	1,256	-
	1,758,756	2,303,790

The intangible assets are in respect of computer software and customer list and belong to the Group's software and hardware and maintenance reportable segment respectively. Their amortisation charges and impairment loss are recognised in profit or loss under the "Other Expenses" line item.

9. GOODWILL

The carrying amount of goodwill allocated to a subsidiary, GFS, a cash generating unit.

	The Group	
	2020 RM	2019 RM
Cost:-		
At 1 January	-	-
Acquisition of subsidiaries (Note 35)	8,151,995	-
At 31 December	8,151,995	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

9. GOODWILL (CONT'D)

- (a) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount is as follows:

	Gross Margin		Discount Rate		Growth Rate	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Goodwill	24	–	15.26	–	5	–

- (i) Budgeted gross margin Average gross margin achieved on past experience and actual operating results increased for expected efficiency improvements and cost saving measures.
- (ii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.
- (iii) Growth rate Based on the expected projection of the hardware and maintenance reportable segments. There is no growth rate in perpetuity to arrive at terminal value.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on internal historical data.

- (b) The directors believe that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the cash-generating unit carrying amount to exceed its recoverable amount.

10. DEFERRED TAX ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	925,824	611,617	–	63,000
Recognised in profit or loss (Note 33)	(321,631)	314,472	–	(63,000)
Exchange fluctuation difference	(3,053)	(265)	–	–
At 31 December	601,140	925,824	–	–

The deferred tax assets on deferred revenue has been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

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11. INVENTORIES

	The Group	
	2020 RM	2019 RM
Finished goods	7,412,762	5,419,456
Goods-in-transit	78,072	222,086
	7,490,834	5,641,542
Recognised in profit or loss:-		
Inventories recognised as cost of sales	41,179,215	43,383,008
Inventories written down	1,021,481	1,142,770
Reversal of inventories previously written down	(1,307,555)	(71,895)

The reversal of write-down was in respect of inventories sold above their carrying amounts during the financial year.

12. TRADE RECEIVABLES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	26,601,446	29,994,842	1,709,264	1,341,338
Unbilled receivables	1,913,824	1,525,235	461,250	423,552
	28,515,270	31,520,077	2,170,514	1,764,890
Allowance for impairment losses	(1,306,388)	(462,897)	(309,879)	(118,057)
	27,208,882	31,057,180	1,860,635	1,646,833

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

12. TRADE RECEIVABLES (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Allowance for impairment losses:-				
At 1 January	(462,897)	(463,518)	(118,057)	(83,108)
Acquisition of subsidiaries	(96,360)	-	-	-
Addition during the financial year (Note 31)	(773,843)	(72,737)	(191,822)	(34,949)
Reversal during the financial year (Note 31)	26,599	48,252	-	-
Written off during the financial year	-	25,106	-	-
Exchange fluctuation differences	113	-	-	-
At 31 December	(1,306,388)	(462,897)	(309,879)	(118,057)

(a) The Group's normal trade credit terms range from 7 to 90 days (2019 - 7 to 60 days) and the Company's normal trade credit terms range from 7 to 30 days (2019 - 7 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

(b) Unbilled receivables represent services provided but not yet billed.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables:-				
Third parties	87,218	210,982	-	168,304
Advances to suppliers	284,224	51,653	-	-
Value added tax, goods and services tax recoverable	110,379	10,483	-	695
	481,821	273,118	-	168,999
Deposits	1,499,752	1,313,682	44,961	44,781
Prepayments	1,717,633	1,541,571	80,290	127,879
	3,699,206	3,128,371	125,251	341,659

The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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15. SHORT-TERM INVESTMENTS

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

16. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.85% to 2.35% (2019 - 3.00% to 3.80%) per annum and Nil (2019 - 3.00% to 3.80%) per annum respectively. The fixed deposits have maturity periods ranging from 365 (2019 - 92 to 365) days and Nil (2019 - 92 to 365) days for the Group and the Company respectively.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM473,527 (2019 - RM459,216) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

17. SHARE CAPITAL

	2020	The Group/The Company		2019
	Number of Shares	2019	2020	2019
			RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 January/31 December	525,200,000	525,200,000	48,153,374	48,153,374

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

18. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

19. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

20. PROVISION

	The Group	
	2020	2019
	RM	RM
Provision	336,203	–

The provision is related to employee benefits. The provision is based on the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the group through the service period up to the retirement age and the amount is discounted to determine the present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

21. LEASE LIABILITIES

	The Group	
	2020 RM	2019 RM
At 1 January	832,877	667,131
Addition during the financial year	398,759	604,700
Acquisition of subsidiaries (Note 35)	263,240	–
Changes due to lease modification	(4,552)	–
Interest expense recognised in profit or loss (Note 32)	35,600	60,068
Repayment of principal	(615,733)	(438,954)
Repayment of interest expense	(35,600)	(60,068)
Exchange fluctuation difference	(4,113)	–
At 31 December	870,478	832,877
Analysed by:-		
Current liabilities	547,925	440,406
Non-current liabilities	322,553	392,471
	870,478	832,877

22. TERM LOAN (SECURED)

	The Group	
	2020 RM	2019 RM
Current liabilities	720,574	640,970
Non-current liabilities	–	758,721
	720,574	1,399,691

(a) The term loan is secured by a first legal charge over the leasehold land & building of the Group as disclosed in Note 7 to the financial statements.

(b) The interest rate profiles of the term loan is summarised below:-

	Effective Interest Rate		The Group	
	2020 %	2019 %	2020 RM	2019 RM
Floating rate term loan	7.42	8.17	720,574	1,399,691

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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23. DEFERRED REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current liabilities (Note 26)	2,482,760	4,658,338	–	–
Non-current liabilities	299,052	474,741	–	–
	2,781,812	5,133,079	–	–

(a) The amount of unearned income from services to be rendered in future financial years is shown as deferred revenue.

(b) The changes to deferred revenue balances during the financial year are summarised below:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	5,133,079	3,539,092	–	73,115
Revenue recognised in profit or loss during the financial year *	(26,281,717)	(27,603,980)	(6,409,072)	(6,483,653)
Billings to customers during the financial year	23,932,921	29,201,228	6,409,072	6,410,538
Exchange fluctuation differences	(2,471)	(3,261)	–	–
At 31 December	2,781,812	5,133,079	–	–

* Included in the revenue recognised in profit or loss during the financial year of the Group and the Company was an amount of RM4,658,338 (2019 - RM2,952,851) and Nil (2019 - RM73,115) respectively that was included in deferred revenue at the beginning of the financial year.

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations is RM2,781,812 (2019 - RM5,133,079) for the Group. The remaining performance obligations are expected to be recognised as below:-

	The Group	
	2020 RM	2019 RM
Within 1 year	2,482,760	4,658,338
Between 1 and 2 years	139,019	248,641
More than 2 years	160,033	226,100
	2,781,812	5,133,079

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

24. DEFERRED TAX LIABILITY

	The Group	
	2020 RM	2019 RM
At 1 January	111,800	–
Recognised in profit or loss (Note 33)	(67,300)	111,800
At 31 December	44,500	111,800

Deferred tax liability was attributable to the temporary differences on accelerated capital allowances over amortisation of intangible assets.

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 60 days (2019 - 7 to 60 days) and the normal trade credit term granted to the Company is 60 days (2019 - 60 days).

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables:-				
Third parties	4,681,110	386,560	2,944,361	54,020
Advances from customers	3,267,968	199,550	102,059	44,796
Good and services tax payable and value-added tax	–	114,075	–	–
Sales and services tax payable	576,773	268,857	128,177	98,781
	8,525,851	969,042	3,174,597	197,597
Accruals	8,827,393	6,096,248	594,016	540,258
Deposits received	84,589	289,506	6,150	2,303
Deferred revenue (Note 23)	2,482,760	4,658,338	–	–
Dividend payable	–	525,200	–	525,200
	19,920,593	12,538,334	3,774,763	1,265,358

The advances from customers are unsecured and interest-free. The amount owing will be offset against future sales to the customers.

27. AMOUNT OWING TO RELATED PARTIES

The amount owing is trade in nature and subject to the normal credit term of 30 days (2019 - 30 days). The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

28. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

29. BANKERS' ACCEPTANCES

- (a) The bankers' acceptances of the Group is secured by a legal charge over properties of the Group as disclosed in Note 7 to the financial statements.
- (b) The bankers' acceptances of the Group at the end of the reporting period bore fixed interest rates of 3.8% (2019 - Nil).

30. REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Recognised at a point in time</u>				
- Sales of hardware	48,476,037	52,165,889	-	-
- Sales of software	1,376,217	2,189,470	-	-
<u>Recognised over time</u>				
- Sales of software	9,804,854	13,745,136	6,409,072	6,483,653
- Sales of maintenance and technical support services	16,476,863	13,858,844	-	-
	76,133,971	81,959,339	6,409,072	6,483,653

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 39.2 to the financial statements.
- (b) The information on the unsatisfied performance obligations is disclosed in Note 23(c) to the financial statements.

31. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment losses on trade receivables (Note 12)	(773,843)	(72,737)	(191,822)	(34,949)
Reversal of impairment losses on trade receivables (Note 12)	26,599	48,252	-	-
	(747,244)	(24,485)	(191,822)	(34,949)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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32. PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees:				
- current year	212,011	140,000	65,000	62,000
- under provision	-	6,486	-	6,000
- non-audit fees	6,000	6,000	6,000	6,000
Amortisation of intangible assets	684,381	556,977	-	-
Impairment of intangible assets	429,773	-	-	-
Commission expenses	842,667	1,127,070	-	-
Depreciation of property, plant and equipment	424,139	256,600	40,478	43,705
Depreciation of right-of-use assets	896,483	687,369	89,940	71,243
Director's fee	137,400	159,300	137,400	111,300
Directors' non-fee emoluments:				
- salaries, bonuses, incentives, allowances and other benefits	2,501,491	2,398,209	206,785	168,550
- defined contribution plans	252,964	227,052	25,246	19,392
Inventories written down	1,021,481	1,142,770	-	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- term loan	75,227	134,808	-	-
- bankers' acceptances	26,751	-	-	-
- overdraft	836	-	-	-
Interest expense on lease liabilities (Note 21)	35,600	60,068	-	-
Provision	336,203	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	63,620	67,904	46,323	47,613
- unrealised	84,535	93,696	7,194	(775)
Petrol expenses	501,344	781,075	10,889	14,427
Professional fees	859,413	476,677	718,263	327,742
Lease expenses:				
- short term leases	175,803	136,557	60,000	60,000
- low-value assets	31,463	-	10,782	-
Staff costs (including other key management personnel as disclosed in Note 38(c)):				
- salaries, bonuses, incentives, allowances and other benefits	16,943,034	14,253,232	1,866,548	1,650,482
- defined contribution plans	1,817,380	1,571,598	244,226	203,608
Gain on disposal of an associate	-	(297,961)	-	-
Interest income	(626,284)	(860,599)	(435,409)	(667,557)
Reversal of inventories previously written down	(1,307,555)	(71,895)	-	-
Rental income	(80,301)	-	-	-
Waiver of amount owing to a director	-	(247,445)	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM51,950 (2019 - RM51,950).

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

33. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax:				
- for the financial year	577,372	2,194,978	258,800	160,200
- (over)/under provision in the previous financial year	(58,551)	80,145	(34,524)	3,434
	518,821	2,275,123	224,276	163,634
Deferred tax (Notes 10 and 24):				
- origination and reversal of temporary differences	151,129	(222,112)	-	63,000
- over provision of deferred taxation in the previous financial year	103,202	19,440	-	-
	254,331	(202,672)	-	63,000
	773,152	2,072,451	224,276	226,634

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	1,130,731	7,953,050	878,737	2,247,523
Tax at the statutory tax rate of 24%	271,375	1,908,732	210,897	539,406
Tax effects of:-				
Differential in tax rates	113,696	(38,137)	-	-
Tax-exempt income	-	(436,137)	-	(436,137)
Non-deductible expenses	360,945	179,128	29,903	105,051
Deferred tax assets not recognised during the financial year	526,565	359,280	18,000	14,880
Utilisation of deferred tax assets not recognised in the previous financial year	(544,080)	-	-	-
Overprovision of deferred tax in the previous financial year	103,202	19,440	-	-
(Over)/Underprovision of current tax in the previous financial year	(58,551)	80,145	(34,524)	3,434
Income tax expense for the financial year	773,152	2,072,451	224,276	226,634

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

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33. INCOME TAX EXPENSE (CONT'D)

The temporary differences attributable to the deferred tax (liabilities)/assets which are not recognised in the financial statements are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Deferred tax liabilities:</u>				
- Accelerated capital allowances	(247,000)	(399,000)	(52,000)	(31,000)
- Others	-	(1,000)	-	(1,000)
	(247,000)	(400,000)	(52,000)	(32,000)
<u>Deferred tax assets:</u>				
- Inventories written down	1,446,000	2,409,000	-	-
- Impairment losses on trade receivables	979,000	694,000	206,000	118,000
- Unutilised of tax losses	2,309,000	-	-	-
- Deferred Revenue	3,000	1,582,000	-	-
- Others	467,000	492,000	7,000	-
	5,204,000	5,177,000	213,000	118,000
	4,957,000	4,777,000	161,000	86,000

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

34. EARNINGS PER SHARE

	The Group	
	2020	2019
Profit after taxation attributable to owners of the Company (RM)	1,600,335	5,596,019
Weighted average number of ordinary shares in issue	525,200,000	525,200,000
Basic earnings per share (sen)	0.30	1.07

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share are equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

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35. ACQUISITION OF SUBSIDIARIES

On 1 November 2020, the Company acquired 80% equity interests in GFS for a total cash consideration of RM11,600,000.

On 7 January 2019, the Company acquired 100% and 70% equity interests in ICC and ADP respectively for a total cash consideration of RM2,050,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(a) Identifiable Assets Acquired and Liabilities Assumed

	The Group	
	2020 RM	2019 RM
Property, plant and equipment	219,709	–
Right-of-use assets	224,652	–
Intangible assets	–	2,860,767
Inventories	2,944,327	–
Trade and other receivables	10,051,523	81,864
Current tax assets	725,899	–
Cash and bank balances	3,753,344	3,250
Trade and other payables	(12,618,207)	(37,310)
Amount owing to a director	–	(258,571)
Bankers' acceptances	(728,000)	–
Lease liabilities	(263,240)	–
Net identifiable assets acquired	4,310,007	2,650,000
Less: Non-controlling interest measured at the proportionate share of the fair value of the net identifiable assets	(862,002)	(600,000)
Fair value of net identifiable assets acquired	3,448,005	2,050,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

35. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) Cash Flows Arising from Acquisition

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase consideration settled in cash considerations	11,600,000	2,050,000	11,600,000	2,050,000
Less: Cash and bank balances of subsidiaries acquired (item (a) above)	(3,753,344)	(3,250)	–	–
Net cash outflow from the acquisition of subsidiaries	7,846,656	2,046,750	11,600,000	2,050,000

(c) Goodwill Arising from Acquisition

	The Group	
	2020 RM	2019 RM
Total consideration transferred (item (b) above)	11,600,000	2,050,000
Less: Fair value of identifiable net assets acquired (item (a) above)	(4,310,007)	(2,650,000)
Non-controlling interests (item (c)(i) below)	862,002	600,000
Goodwill from the acquisition of subsidiaries (Note 9)	8,151,995	–

(i) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

(ii) The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiaries into the Group's existing hardware and maintenance segment. The goodwill is not deductible for tax purposes.

(d) Impact of Acquisition on the Group's Results

The acquired subsidiaries have contributed the following results to the Group:-

	The Group	
	2020 RM	2019 RM
Revenue	12,124,025	2,514,588
Profit after taxation	1,626,402	1,044,255

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and loss after taxation would have been RM111,270,010 and RM1,381,105 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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36. DIVIDEND

	The Group/The Company 2020 RM	2019 RM
First interim single-tier dividend of Nil (2019 - 0.1 sen) per ordinary share in the current financial year	–	525,200

37. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Right-of-use assets				
Cost of right-of-use assets acquired (Note 7)	398,759	2,207,320	–	1,602,620
Less: Addition of new lease liabilities (Note 37(b))	(398,759)	(604,700)	–	–
	–	1,602,620	–	1,602,620

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Amount owing to directors RM	Bankers' acceptances RM	Term loan RM	Leases liabilities RM	Total RM
2020					
At 1 January	106,452	-	1,399,691	832,877	2,339,020
<u>Changes in Financing Cash Flows</u>					
Advances	13,548	-	-	-	13,548
Proceeds from drawdown	-	8,514,540	-	-	8,514,540
Repayment of borrowing principal	-	(8,514,540)	(679,117)	(615,733)	(9,809,390)
Repayment of borrowing interests	-	(26,751)	(75,227)	(35,600)	(137,578)
	13,548	(26,751)	(754,344)	(651,333)	(1,418,880)
<u>Non-cash Changes</u>					
Acquisition of subsidiaries (Note 35)	-	728,000	-	263,240	991,240
Acquisition of new leases	-	-	-	398,759	398,759
Changes due to lease modification	-	-	-	(4,552)	(4,552)
Finance charges recognised in profit or loss (Note 32)	-	26,751	75,227	35,600	137,578
Exchange fluctuation differences	-	-	-	(4,113)	(4,113)
At 31 December	120,000	728,000	720,574	870,478	2,439,052

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(cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Amount owing to directors RM	Bankers' acceptances RM	Term loan RM	Leases liabilities RM	Total RM
2019					
At 1 January	161,636	-	2,006,838	667,131	2,835,605
<u>Changes in Financing Cash Flows</u>					
Repayment	(66,310)	-	-	-	(66,310)
Repayment of borrowing principal	-	-	(607,147)	(438,954)	(1,046,101)
Repayment of borrowing interests	-	-	(134,808)	(60,068)	(194,876)
	(66,310)	-	(741,955)	(499,022)	(1,307,287)
<u>Non-cash Changes</u>					
Acquisition of subsidiaries (Note 35)	258,571	-	-	-	258,571
Acquisition of new leases	-	-	-	604,700	604,700
Finance charges recognised in profit or loss (Note 32)	-	-	134,808	60,068	194,876
Waiver of amount owing to a director	(247,445)	-	-	-	(247,445)
At 31 December	106,452	-	1,399,691	832,877	2,339,020

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(cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short-term investment	21,279,512	2,088,610	17,790,531	–
Fixed deposits with licensed banks	1,040,161	18,788,854	–	17,656,072
Cash and bank balances	18,751,085	18,530,982	947,225	8,102,385
	41,070,758	39,408,446	18,737,756	25,758,457
Less:				
Fixed deposits pledged to licensed banks (Note 16(b))	(473,527)	(459,216)	–	–
Fixed deposits with tenure of more than 3 months	(566,634)	(12,079,140)	–	(11,405,574)
	40,030,597	26,870,090	18,737,756	14,352,883

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Payment of short-term leases	175,803	136,557	60,000	60,000
Payment of low-value assets	31,463	–	10,782	–
Interest paid on lease liabilities	35,600	60,068	–	–
Payment of lease liabilities	615,733	438,954	–	–
	858,599	635,579	70,782	60,000

38. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

38. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Sales to a subsidiary	-	-	-	23,080
Sales to a related party	2,065,611	-	-	-
Purchases from a related party	1,813,981	-	-	-
Purchases of equipment and intangible asset from a related party	1,267,172	-	-	-
Advances to subsidiaries	-	-	2,572,631	851,663
Rental expenses to a subsidiary	-	-	60,000	60,000
Management fee to a related party	785,679	-	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key Management Personnel Compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	137,400	111,300	137,400	111,300
- salaries, bonuses, incentives, allowances and others	1,678,550	1,887,925	206,784	168,550
Defined contribution plans	197,024	215,352	25,246	19,392
	2,012,974	2,214,577	369,430	299,242

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd)

38. RELATED PARTY DISCLOSURES (CONT'D)

(c) Key Management Personnel Compensation (Cont'd)

The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	-	48,000	-	-
- salaries, bonuses, incentives, allowances and others benefits	822,941	510,284	-	-
Defined contribution plans	55,940	11,700	-	-
	878,881	569,984	-	-
Total directors' remuneration	2,891,855	2,784,561	369,430	299,242
			The Group	
			2020 RM	2019 RM
Other Key Management Personnel				
Short-term employee benefits			2,046,165	2,006,307
Defined contribution plans			234,245	235,603
			2,280,410	2,241,910

39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- (a) Hardware and maintenance - involved in the marketing, sale and installation of hardware for the retail industry and provide on-going maintenance for the hardware and software products and solutions.
- (b) Software - involved in the design, development, marketing, sales, enhancement, customisation and implementation of third party software and in-house software.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly deferred tax assets/liability, current tax assets/liabilities, term loan, lease liabilities and bankers' acceptances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS

	Hardware and Maintenance RM	Software RM	Group RM
2020			
Revenue			
External revenue	64,952,900	11,181,071	76,133,971
Inter-segment revenue	997,452	303,516	1,300,968
	65,950,352	11,484,587	77,434,939
Consolidation adjustments			(1,300,968)
Consolidated revenue			76,133,971
Results			
Segment profit/(loss) before interest and taxation	2,511,113	(1,816,099)	695,014
Interest income			626,284
Finance costs			(138,414)
Consolidated profit before taxation			1,182,884
Income tax expense			(773,152)
Consolidation adjustments			(52,153)
Consolidated profit after taxation			357,579
Segment profit/(loss) includes the followings:-			
Interest income	(185,031)	(441,253)	(626,284)
Interest expenses	138,414	-	138,414
Depreciation and amortisation	1,297,646	707,357	2,005,003*
Reversal of impairment losses on trade receivables	(26,599)	-	(26,599)
Impairment losses on trade receivables	392,373	381,470	773,843
Impairment losses on intangible assets	429,773	-	429,773
Reversal of inventories previously written down	(1,307,555)	-	(1,307,555)
Inventories written down	1,021,481	-	1,021,481
Unrealised loss on foreign exchange	87,964	(3,429)	84,535

*After consolidation adjustments of RM52,153.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2020			
Assets			
Segment assets	67,010,473	64,343,125	131,353,598
Unallocated assets:			
- deferred tax assets	362,740	238,400	601,140
- current tax assets	3,603,077	682,896	4,285,973
Consolidation adjustments			(29,078,266)
Consolidated total assets			107,162,445
Additions to non-current assets other than financial instruments and deferred tax assets are:-			
Property, plant and equipment	786,294	6,220	792,514
Right-of-use assets	398,759	-	398,759
Intangible assets	535,960	31,904	567,864
Liabilities			
Segment liabilities	37,299,288	8,415,900	45,715,188
Unallocated liabilities:			
- deferred tax liability	-	44,500	44,500
- lease liabilities	870,478	-	870,478
- term loan	720,574	-	720,574
- bankers' acceptances	728,000	-	728,000
Consolidation adjustments			(7,380,373)
Consolidated total liabilities			40,698,367

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2019			
Revenue			
External revenue	66,024,733	15,934,606	81,959,339
Inter-segment revenue	–	677,527	677,527
	66,024,733	16,612,133	82,636,866
Consolidation adjustments			(677,527)
Consolidated revenue			81,959,339
2019			
Results			
Segment profit before interest and taxation	2,945,395	4,341,932	7,287,327
Interest income			860,599
Finance costs			(194,876)
Consolidated profit before taxation			7,953,050
Income tax expense			(2,072,451)
Consolidated profit after taxation			5,880,599
Results			
Segment profit includes the followings:-			
Interest income	(183,736)	(676,863)	(860,599)
Interest expenses	194,876	–	194,876
Depreciation and amortisation	813,671	687,275	1,500,946
Reversal of impairment losses on trade receivables	(26,477)	(21,775)	(48,252)
Impairment losses on trade receivables	37,788	34,949	72,737
Reversal of inventories previously written down	(71,895)	–	(71,895)
Inventories written down	1,142,770	–	1,142,770
Gain on disposal of an associate	–	(297,961)	(297,961)
Unrealised loss on foreign exchange	69,771	23,925	93,696

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2019			
Assets			
Segment assets	54,384,616	45,720,016	100,104,632
Unallocated assets:			
- deferred tax assets			925,824
- current tax assets			1,680,131
Consolidation adjustments			(5,968,670)
Consolidated total assets			96,741,917
Additions to non-current assets other than financial instruments and deferred tax assets are:-			
Property, plant and equipment	120,627	44,496	165,123
Right-of-use assets	604,700	1,602,620	2,207,320
Intangible assets	-	2,860,767	2,860,767
Liabilities			
Segment liabilities	31,204,514	4,665,607	35,870,121
Unallocated liabilities:			
- deferred tax liability			111,800
- lease liabilities			832,877
- term loan			1,399,691
- current tax liabilities			153,971
Consolidation adjustments			(6,192,461)
Consolidated total liabilities			32,175,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.2 GEOGRAPHICAL INFORMATION

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	The Group	
	2020 RM	2019 RM
Malaysia	22,154,922	14,610,822
Cambodia	47,763	126,724
Vietnam	50,287	162,877
Thailand	552,680	–
	22,805,652	14,900,423

Revenue is based on the country in which the customers are located.

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Group	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Cambodia	887,345	595,251	255,069	165,141	1,142,414	760,392
Hong Kong	173,534	175,501	–	–	173,534	175,501
India	–	182,900	–	–	–	182,900
Japan	57,362	2,419	–	–	57,362	2,419
Malaysia	39,778,407	46,660,091	23,812,355	24,077,269	63,590,762	70,737,360
New South Wales	–	480	–	–	–	480
Philippines	–	1,996	474,667	395,800	474,667	397,796
Singapore	1,040,244	1,290,400	1,103,746	2,078,146	2,143,990	3,368,546
Taiwan	7,850	–	–	–	7,850	–
Thailand	4,747,656	249,317	83,687	80	4,831,343	249,397
Vietnam	3,140,357	5,197,004	552,193	887,544	3,692,550	6,084,548
Myanmar	19,499	–	–	–	19,499	–
	49,852,254	54,355,359	26,281,717	27,603,980	76,133,971	81,959,339

39.3 MAJOR CUSTOMERS

The following was major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group Revenue 2020 RM	Segments
Customer A	11,901,508	Hardware and maintenance

There is no single customer that contributed 10% or more to the Group's revenue in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	USD RM	SGD RM	BND RM	Others* RM	Total RM
The Group					
2020					
<u>Financial assets</u>					
Trade receivables	2,054,220	1,067,009	812	3,671	3,125,712
Cash and bank balances	1,227,611	89,966	–	1,643	1,319,220
	3,281,831	1,156,975	812	5,314	4,444,932
<u>Financial liabilities</u>					
Trade payables	1,272,840	19,962	–	75,865	1,368,667
Amount owing to related parties	–	–	–	1,856,897	1,856,897
	1,272,840	19,962	–	1,932,762	3,225,564
Net financial assets/(liabilities)					
Currency exposure	2,008,991	1,137,013	812	(1,927,448)	(1,219,368)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	USD RM	SGD RM	BND RM	Others* RM	Total RM
The Group					
2019					
<u>Financial assets</u>					
Trade receivables	382,074	1,446,676	143,768	16,034	1,988,552
Cash and bank balances	964,187	9,618	–	1,562	975,367
	1,346,261	1,456,294	143,768	17,596	2,963,919
<u>Financial liabilities</u>					
Trade payables	1,318,287	9,567	–	90,661	1,418,515
Amount owing to related parties	3,720	–	–	–	3,720
	1,322,007	9,567	–	90,661	1,422,235
Net financial assets/(liabilities)/Currency exposure	24,254	1,446,727	143,768	(73,065)	1,541,684
		USD RM	SGD RM	Others* RM	Total RM

The Company

2020

<u>Financial asset</u>				
Trade receivables	285,516	171,099	–	456,615
Net financial asset/Currency exposure	285,516	171,099	–	456,615

2019

<u>Financial asset</u>				
Trade receivables	296,592	152,480	16,034	465,106
Net financial asset/Currency exposure	296,592	152,480	16,034	465,106

* Consists of Brunei Dollar, Japanese Yen, Australian Dollar, New Zealand Dollar, Euro, Indonesia Rupiah and Thailand Baht.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Effects on Profit After Taxation				
USD/RM				
- strengthened by 10%	200,899	2,425	28,552	29,659
- weakened by 10%	(200,899)	(2,425)	(28,552)	(29,659)
SGD/RM				
- strengthened by 10%	113,701	144,673	17,110	15,248
- weakened by 10%	(113,701)	(144,673)	(17,110)	(15,248)
BND/RM				
- strengthened by 10%	81	14,377	-	-
- weakened by 10%	(81)	(14,377)	-	-
Others/RM				
- strengthened by 10%	(192,745)	(7,307)	-	1,603
- weakened by 10%	192,745	7,307	-	(1,603)

(ii) 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 Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks and lease liabilities are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to the interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 22 and 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2020 RM	2019 RM
Effects on Profit After Taxation		
Increase of 100 basis points	(14,486)	(13,997)
Decrease of 100 basis points	14,486	13,997

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group and the Company's major concentration of credit risk relate to the trade receivables at the end of the reporting period is as follows:-

	The Group		The Company	
	2020	2019	2020	2019
Major concentration of credit risk	–	38%	34%	35%
Number of customers	–	2	2	2

The Group does not have any major concentration of credit risk related to any individual customer or counterparty in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group and the Company also determine concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Malaysia	23,885,888	28,573,567	1,572,533	1,216,753
Singapore	1,016,731	1,385,685	164,743	277,536
Philippines	123,359	152,544	123,359	152,544
Indonesia	7,548	–	–	–
Vietnam	364,631	853,959	–	–
Thailand	1,674,463	41,107	–	–
Cambodia	135,427	6,347	–	–
Others	835	43,971	–	–
	27,208,882	31,057,180	1,860,635	1,646,833

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 12 months are deemed credit impaired and assesses for their risk of loss individually.

During the financial year, the Group has changed its risk management practices in response in the COVID-19 pandemic. The expected loss rates are based on the payment profiles of sales over a period of 12 months (2019 - 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount RM	Individual Impairment RM	Collective Allowance RM	Carrying Amount RM
The Group				
2020				
Not past due	16,958,296	-	-	16,958,296
Past due:				
- less than 3 months	3,933,006	-	-	3,933,006
- 3 to 6 months	2,991,423	-	(1,706)	2,989,717
- over 6 months	3,997,324	-	(669,461)	3,327,863
Credit impaired	635,221	(635,221)	-	-
	28,515,270	(635,221)	(671,167)	27,208,882
2019				
Not past due	21,615,211	(34,965)	-	21,580,246
Past due:				
- less than 3 months	4,513,330	-	-	4,513,330
- 3 to 6 months	4,079,737	-	(74,515)	4,005,222
- over 6 months	984,284	-	(25,902)	958,382
Credit impaired	327,515	(327,515)	-	-
	31,520,077	(362,480)	(100,417)	31,057,180

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

	Gross Amount RM	Individual Impairment RM	Collective Allowance RM	Carrying Amount RM
The Company				
2020				
Not past due	897,039	–	–	897,039
Past due:				
- less than 3 months	490,797	–	–	490,797
- 3 to 6 months	424,512	–	–	424,512
- over 6 months	254,042	–	(205,755)	48,287
Credit impaired	104,124	(104,124)	–	–
	2,170,514	(104,124)	(205,755)	1,860,635
2019				
Not past due	957,704	–	–	957,704
Past due:				
- less than 3 months	453,154	–	–	453,154
- 3 to 6 months	274,203	–	(65,258)	208,945
- over 6 months	41,112	–	(14,082)	27,030
Credit impaired	38,717	(38,717)	–	–
	1,764,890	(38,717)	(79,340)	1,646,833

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing By Subsidiaries (Non-trade Balances)

The Group and the company apply the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by subsidiaries. Under this approach, the Group and the Company assess whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group and the Company considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
The Group					
2020					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	-	15,802,070	15,802,070	15,802,070	-
Other payables and accruals	-	13,508,503	13,508,503	13,508,503	-
Amount owing to related parties	-	1,856,897	1,856,897	1,856,897	-
Amount owing to directors	-	120,000	120,000	120,000	-
Term loan	7.42	720,574	750,923	750,923	-
Bankers' acceptances	3.80	728,000	740,418	740,418	-
Lease liabilities	4.64 - 7.42	870,478	941,847	601,819	340,028
		33,606,522	33,720,658	33,380,630	340,028
2019					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	-	16,554,413	16,554,413	16,554,413	-
Other payables and accruals	-	7,008,008	7,008,008	7,008,008	-
Amount owing to related parties	-	3,720	3,720	3,720	-
Amount owing to directors	-	106,452	106,452	106,452	-
Lease liabilities	4.64 - 7.92	832,877	887,400	474,553	412,847
Term loan	8.17	1,399,691	1,517,398	724,286	793,112
		25,905,161	26,077,391	24,871,432	1,205,959

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2020				
<u>Non-derivative</u>				
<u>Financial Liabilities</u>				
Trade payables	390,252	390,252	390,252	–
Other payables and accruals	3,538,377	3,538,377	3,538,377	–
Amount owing to subsidiaries	350,788	350,788	350,788	–
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	–	1,491,341	1,491,341	–
	4,279,417	5,770,758	5,770,758	–
2019				
<u>Non-derivative</u>				
<u>Financial Liabilities</u>				
Trade payables	372,524	372,524	372,524	–
Other payables and accruals	1,119,478	1,119,478	1,119,478	–
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	–	1,517,398	724,286	793,112
	1,492,002	3,009,400	2,216,288	793,112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group 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 Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement.

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investment	21,279,512	2,088,610	17,790,531	–
<u>Amortised Cost</u>				
Trade receivables	27,208,882	31,057,180	1,860,635	1,646,833
Other receivables	87,218	210,982	–	168,304
Amount owing by subsidiaries	–	–	3,098,631	4,964,366
Fixed deposits with licensed banks	1,040,161	18,788,854	–	17,656,072
Cash and bank balances	18,751,085	18,530,982	947,225	8,102,385
	47,087,346	68,587,998	5,906,491	32,537,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Liability				
<u>Amortised Cost</u>				
Trade payables	15,802,070	16,554,413	390,252	372,524
Other payables and accruals	13,508,503	7,008,008	3,538,377	1,119,478
Amount owing to subsidiaries	–	–	350,788	–
Amount owing to related parties	1,856,897	3,720	–	–
Amount owing to directors	120,000	106,452	–	–
Term loan	720,574	1,399,691	–	–
Bankers' acceptances	728,000	–	–	–
	32,736,044	25,072,284	4,279,417	1,492,002

40.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net (gains) recognised in profit or loss	(103,000)	(71,079)	–	–
<u>Amortised Cost</u>				
Net losses/(gains) recognised in profit or loss	344,873	(657,627)	(190,070)	(589,076)
Financial Liability				
<u>Amortised Cost</u>				
Net losses/(gains) recognised in profit or loss	165,566	(58,270)	–	3,306

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2020								
<u>Financial Asset</u>								
Short-term investments	-	21,279,512	-	-	-	-	21,279,512	21,279,512
<u>Financial Liability</u>								
Term loan	-	-	-	-	720,574	-	720,574	720,574
2019								
<u>Financial Asset</u>								
Short-term investments	-	2,088,610	-	-	-	-	2,088,610	2,088,610
<u>Financial Liability</u>								
Term loan	-	-	-	-	1,399,691	-	1,399,691	1,399,691
The Company								
2020								
<u>Financial Asset</u>								
Short-term investment	-	17,790,531	-	-	-	-	17,790,531	17,790,531

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of money market fund is determined by reference to statement provided by the respective financial institution, with which the investments were entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

- (a) On 8 January 2020, the Company entered into a Shareholders Agreement with Simat Technologies Public Company Limited, Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa to jointly form a new company, RGSIMAT with a registered capital of THB10,000,000 in Thailand as the Special Purpose Vehicle to undertake the business of sale of hardware, software, network equipment, development of information technology solutions and maintenance services in Thailand. The Company subscribed for 490,000 ordinary shares at an issue price of RM10 each for a 49% stake in RGSIMAT.

- (b) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

- (c) On 1 June 2020, RGS, a wholly-owned subsidiary of the Company, has incorporated a subsidiary known as RGP with an issued and paid-up share capital of RM100,000 comprising of 100,000 ordinary shares. The Company subscribed for 70,000 ordinary shares at an issue price of RM1 each. Following the subscription, RGP became a 70%-owned subsidiary of the Company.
- (d) On 10 September 2020, the Company has entered into a Conditional Shares Sales Agreement ("CSSA") with Grand-Flo Berhad for the proposed acquisition of 800,000 GFS shares, representing 80% of the issued share capital of GFS for a consideration of RM11,600,000.

On 1 November 2020, all the conditions precedent stipulated in the CSSA have been fulfilled and the proposed acquisition has been completed. The details of the acquisition are disclosed in Note 35 to the financial statements.

- (e) On 4 November 2020, ICC, a wholly-owned subsidiary of the Company, has incorporated a subsidiary known as RGGW with an issued and paid-up share capital of RM1,000 comprising of 1,000 ordinary shares. The Company subscribed for 700 shares at an issue price of RM1 each. Following the subscription, RGGW became a 70%-owned subsidiary of the Company.
- (f) On 21 April 2021, the Company has entered into a share sales agreement with Mr. Lee Thiam Sew and Mr. Teh How Kiat for the proposed acquisition of 70% of the equity interest, comprising 210,000 ordinary shares in Arms Software International Sdn. Bhd. for a cash consideration of RM1,900,000. The proposed acquisition is subject to conditions precedent to be mutually agreeable or accepted by the Parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd)

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Previously Reported RM	As Restated RM	As Previously Reported RM	As Restated RM
Statements of Profit or Loss and Other Comprehensive Income (Extract) :-				
Cost of Sales	48,925,211	51,955,885	1,571,634	3,002,944
Administrative Expenses	4,768,500	20,347,217	971,986	1,694,008
Staff Costs	18,609,391	–	2,153,332	–

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Total number of issued shares : 525,200,000 ordinary shares
 Class of equity securities : Ordinary Shares ("Shares")
 Voting rights by poll : One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	1	0.024	12	0.000
100 - 1,000 shares	399	9.801	225,998	0.043
1,001 - 10,000 shares	1,699	41.734	10,897,700	2.074
10,001 - 100,000 shares	1,733	42.569	62,663,000	11.931
100,001 – less than 5% of issued shares	235	5.772	97,005,300	18.470
5% and above of issued shares	4	0.098	354,408,000	67.480
Total	4,071	100.00	525,200,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Global Merits Sdn. Bhd.	169,232,800	32.22	–	–
Practical Resources Sdn. Bhd.	137,463,200	26.17	–	–
AI Capital Sdn. Bhd.	47,712,000	9.08	–	–
Yap Ban Foo	–	–	169,232,800 ^(a)	32.22
Yap Sin Sang	–	–	137,463,200 ^(b)	26.17
Tan Chuan Hock	–	–	47,712,000 ^(c)	9.08

Notes:

- (a) Deemed interested by virtue of his interest in Global Merits Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("CA 2016").
- (b) Deemed interested by virtue of his interest in Practical Resources Sdn. Bhd. pursuant to Section 8(4) of the CA 2016.
- (c) Deemed interested by virtue of his interest in AI Capital Sdn. Bhd. pursuant to Section 8(4) of the CA 2016.

ANALYSIS OF SHAREHOLDINGS (cont'd)

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Siow Kim Lun	500,000	0.10	–	–
Mashitah Binti Osman	100,000	0.02	–	–
Tevanaigam Randy Chitty	1,300,000	0.25	–	–
Yap Ban Foo	–	–	169,232,800	32.22
Yap Sin Sang	–	–	137,463,200	26.17

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1.	Practical Resources Sdn. Bhd.	137,463,200	26.17
2.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Private Wealth Management for Global Merits Sdn. Bhd. (PW-M01057) (423111)</i>	95,954,133	18.27
3.	Global Merits Sdn. Bhd.	73,278,667	13.95
4.	Al Capital Sdn. Bhd.	47,712,000	9.08
5.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Khor Jan Yeow (8083119)</i>	9,697,000	1.85
6.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Private Wealth Management for Cheng Ping Liong (PW-M00974)(422098)</i>	6,500,000	1.24
7.	Jejak Menang Sdn. Bhd.	3,513,000	0.67
8.	Tan Gek Toh	2,500,000	0.48
9.	Keoh Git Ngoo	1,870,000	0.36
10.	Aw Kheng Tong	1,800,000	0.34
11.	Kueh Chay Seng	1,685,000	0.32
12.	Tran Phu Vinh	1,516,000	0.29
13.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Chong Swee (E-KLC)</i>	1,500,000	0.29
14.	Liew Khin Kheong	1,486,800	0.28
15.	Tevanaigam Randy Chitty	1,300,000	0.25
16.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for UOB Kay Hian Pte. Ltd. (A/C Clients)</i>	1,300,000	0.25

ANALYSIS OF SHAREHOLDINGS (cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
17.	Tran Minh Nhut	1,150,000	0.22
18.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	1,065,800	0.20
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiang Kai Loon (010)</i>	1,000,000	0.19
20.	Tan Eng Piow	1,000,000	0.19
21.	Wong Boon Ang	1,000,000	0.19
22.	Yap Keong Wah	1,000,000	0.19
23.	Tan Phan Lieh	802,200	0.15
24.	Lee Kao Choon	800,000	0.15
25.	Wong Chee Meng	800,000	0.15
26.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ser Toh Chon Chien (E-BPT)</i>	765,900	0.14
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tee Tian Hock</i>	750,000	0.14
28.	Yap Siok Chin	750,000	0.14
29.	Ling Pik Chan	640,000	0.12
30.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Woong Hee Fah (E-KLG)</i>	637,000	0.12

LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

Registered Owner / Location	Date of Acquisition	Description	Tenure	Age of building (Years)	Gross Built up Area (Sq. ft)	Existing Use	Audited Net Carrying Amount as at 31 December 2020 RM'000
Radiant Global ADC Sdn Bhd No. 8, Jalan 3/91A Taman Shamelin Perkasa Batu 3 1/2, Cheras 56100 Kuala Lumpur Wilayah Persekutuan Malaysia	02.05.2008	Three (3)-storey intermediate semi-detached factory	Leasehold expiring on 11.09.2082	37	14,738	Office, warehouse and customer support service office	3,275
Radiant Global ADC Sdn Bhd Unit 03-06, Level 3, Tower B Vertical Business Suite Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	09.09.2015	An office unit on the 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	13	2,362	Head office	2,185
Radiant Global ADC Sdn Bhd Unit 03-07, Level 3, Tower B Vertical Business Suite Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	09.09.2015	An office unit on the 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	13	939	Head office	889
Radiant Globaltech Berhad Unit 03-08, Level 3 Tower B Vertical Business Suite Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	29.06.2016	An office unit on the 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	13	2,659	Head office	2,634
Radiant Globaltech Berhad Unit 03-01, Level 3 Tower B Vertical Business Suite Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	30.08.2019	An office unit on the 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	13	1,445	Head office	1,557

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting ("18th AGM" or "Meeting") of RADIANT GLOBALTECH BERHAD ("Radiant Globaltech" or "the Company") will be held on fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 25 June 2021 at 2:30 p.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS :

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees and benefits of up to RM200,000.00 for the financial year ending 31 December 2021.
3. To re-elect the following Directors who retire by rotation in accordance with Clause 85 of the Company's Constitution:
 - i. Pn. Mashitah Binti Osman; and
 - ii. Mr. Yap Ban Foo.
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting ("AGM") and to authorise the Directors to fix their remuneration.

**PLEASE REFER TO
EXPLANATORY NOTE 1**

ORDINARY RESOLUTION 1

**ORDINARY RESOLUTION 2
ORDINARY RESOLUTION 3**

ORDINARY RESOLUTION 4

AS SPECIAL BUSINESS :

To consider and if thought fit, pass with or without any modifications, the following resolutions: -

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

ORDINARY RESOLUTION 5

"THAT subject always to the Constitution of the Company, the Companies Act 2016 ("Act"), the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

6. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

SPECIAL RESOLUTION

"THAT the proposed amendments to the Constitution of the Company as set out in the "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

7. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324)

(SSM PC No. 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan
30 April 2021

Notes:

- (a) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she 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 and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) To be valid, the instrument appointing a proxy must be deposited with 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, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or submitted via TIIH Online at <https://tiih.online>, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, 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 17 June 2021. Only members whose names appear in the General Meeting Record of Depositors as at 17 June 2021 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (i) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting and in accordance with Clause 61 of the Company's Constitution. Members or proxies or corporate representatives or attorneys **WILL NOT BE ALLOWED** to attend the Meeting in person at the Broadcast Venue on the day of the Meeting. Members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- (j) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' and the Company's website at www.rgtech.com.my for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2020

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits proposed for the financial year ending 31 December 2021 were calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefit on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for such shortfall.

3. Item 5 of the Agenda – General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at its Seventeenth AGM held on 29 July 2020 ("17th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate will expire at the conclusion of this 18th AGM.

As at the date of this Notice, no new ordinary shares were issued and allotted by the Company via private placement pursuant to the 20% General Mandate granted to the Directors at the 17th AGM.

The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time. This 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2021 and thereafter, unless extended by Bursa Securities, the 10% limit under Rule 6.04(1) of the Listing Requirements of Bursa Securities will be reinstated. This authority, unless revoked or varied at general meeting, will expire at the next AGM.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. Item 5 of the Agenda – General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (cont'd)

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.04 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasure shares) for issue of new securities.

The Board of Directors' Statement

The Board of Directors of Radiant Globaltech ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. Item 6 of the Agenda – Proposed Amendments to the Constitution of the Company.

The Special Resolution proposed under item 6 of the Agenda in relation to the proposed amendments to the existing Constitution of the Company ("Proposed Amendments"), are made mainly for the following purposes:

- (a) to align the Company's Constitution with the Companies (Amendment) Act 2019 which came into operation on 15 January 2020 in relation to the alteration of share capital;
- (b) to provide clarity on the objects of the Company; and
- (c) to enhance administrative efficiency.

The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF RADIANT GLOBALTECH BERHAD ("THE COMPANY")

This is the Appendix A referred to in Agenda 6 of the Notice of Eighteenth Annual General Meeting ("18th AGM") of the Company dated 30 April 2021.

Day, Date and time of 18th AGM : Friday, 25 June 2021 at 2:30 p.m.

Broadcast Venue of the 18th AGM : Tricor Boardroom, Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
Malaysia

Clause No.	Existing Clause	Clause No.	Proposed Clause
4	Subject to the provisions of the Act, this Constitution and any other written law, the Company has:- (a) Full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (b) For the purposes of Clause 4(a) above, full rights, powers and privileges.	4	Subject to the provisions of the Act, this Constitution and any other written law, the objects for which the Company is established are:- (a) To carry on the business of an investment holding company and for that purpose to promote or form or assist in promotion of any company or the subsidiary of the Company or otherwise and to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking; and (b) To carry on or undertake any business activity, to do any act or enter into any transaction or to do all such other things as are incidental or conducive to the attainment of the above objects. Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.

APPENDIX A

(cont'd)

Clause No.	Existing Clause	Clause No.	Proposed Clause
56	Subject to the provisions of this Constitution and the Act, the Company may by special resolution: (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act; (iii) convert and/or re-classify any class of shares into any other class of shares; or (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.	56	Subject to the provisions of this Constitution and the Act, the Company may by special ordinary resolution: (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act; (iii) convert and/or re-classify any class of shares into any other class of shares; or (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

APPENDIX A

(cont'd)

Clause No.	Existing Clause	Clause No.	Proposed Clause
62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.	62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, publication on the Company's website or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.

PROXY FORM

RADIANT GLOBALTECH BERHAD

200301018877 (621297-A)

(Incorporated in Malaysia)

I/We* _____ NRIC/Registration No.* _____
(full name in capital letters)

of _____
(full address)

Email Address _____ Mobile Phone No. _____

being (a) member(s) of RADIANT GLOBALTECH BERHAD [200301018877 (621297-A)] ("the Company") hereby

appoint _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

and/or* _____ NRIC No. _____
(full name in capital letters)

of _____
(full 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 Eighteenth Annual General Meeting ("Meeting") of the Company to be held on fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 25 June 2021 at 2:30 p.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces 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.	To approve the payment of Directors' fees and benefits of up to RM200,000.00 for the financial year ending 31 December 2020.		
2.	To re-elect Pn. Mashitah Binti Osman as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
3.	To re-elect Mr. Yap Ban Foo as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
4.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
5.	To approve the authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

No.	Special Resolution	For	Against
1.	To approve the proposed amendments to the Constitution of the Company.		

*delete whichever not applicable

Dated this _____ day of _____ 2021.

CDS Account No.	No. of Shares Held

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100

 Signature of Member(s) / Common Seal



Notes:

- (a) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she 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 and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) 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.
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AFFIX
STAMP

The Share Registrar
RADIANT GLOBALTECH BERHAD
[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

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Fold This Flap For Sealing

RADIANT GLOBALTECH BERHAD

[Registration No. 200301018877 (621297-A)] (Incorporated in Malaysia)

Unit 03-06 & 03-07, Level 3, Tower B, Vertical Business Suite, Avenue 3,
Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
Tel: +603-2242 2059 Email: info@rgtech.com.my www.rgtech.com.my