

## RADIANT GLOBALTECH BERHAD (“RGTECH” OR THE “COMPANY”)

### SIGNING OF TERM SHEET IN RESPECT OF THE PROPOSED ACQUISITION OF 80% EQUITY INTEREST IN RYMNET SOLUTIONS SDN BHD (“RYMNET”)

Unless stated otherwise, the following foreign exchange rate (being the middle rate quoted by Bank Negara Malaysia as at 5.00 p.m. on 24 June 2024, being the latest practicable date of this announcement (“LPD”)) has been used throughout this announcement:-

Singapore Dollar (“SGD”) 3.4810 : Malaysian Ringgit (“RM”) 1.00

#### 1. INTRODUCTION

The Board of Directors of RGTECH (“**Board**”) wishes to announce that the Company had, on 12 July 2024, executed a legally binding term sheet (“**Term Sheet**”) with Un Sze Hau (“**Vendor**”) which sets out the transaction structure and understanding of RGTECH and the Vendor (collectively referred to as the “**Parties**”) in respect of the proposed acquisition of 80% equity interest in Rymnet, comprising 80,000 ordinary shares in Rymnet (“**Rymnet Share(s)**” or “**Sale Share(s)**”) for a total purchase consideration of RM52.50 million (“**Purchase Consideration**”) (“**Proposed Acquisition**”). The Proposed Acquisition is conditional upon the completion of the acquisition of the entire equity interest in Rymnet Solutions Pte Ltd (“**Rymnet SGP**”) by Rymnet (“**Pre-Acquisition Restructuring**”), which would result in Rymnet SGP being a wholly-owned subsidiary of Rymnet. The terms of the Proposed Acquisition will be formalised in a conditional share purchase agreement (“**SPA**”) to be entered into by both Parties within 30 days from the date of the Term Sheet or at an extended period to be mutually agreed by both Parties.

Rymnet is an established information technology (“**IT**”) solutions provider, focusing on the digitalisation of human resource (“**HR**”) management operations. The Proposed Acquisition will bode well with RGTECH’s business strategic plans to widen and diversify its IT solution offerings.

The Purchase Consideration shall be fully satisfied via a combination of:-

- (a) cash consideration of RM42.50 million; and
- (b) balance of RM10.00 million to be fully satisfied via the issuance and allotment of 30,303,031 new ordinary shares in RGTECH (“**RGTECH Share(s)**”) (“**Consideration Share(s)**”) at an issue price of RM0.33 per Consideration Share (“**Issue Price**”) by RGTECH to the Vendor. The Issue Price was agreed upon between RGTECH and the Vendor on a willing-buyer willing-seller basis, based on the discount of approximately 9.98% to the 1-month volume weighted average market price of RM0.3666 of RGTECH Shares up to and including 11 July 2024, being the last trading day immediately prior to the date of the signing of the Term Sheet.

The salient terms of the Term Sheet are set out in **Section 4** of this Announcement.

The Term Sheet will enable the Parties to finalise and conclude the SPA and a detailed announcement on the Proposed Acquisition shall be announced on the date of signing of the SPA.

#### 2. PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of 80% equity interest in Rymnet. As disclosed in **Section 1** above and as one of the conditions precedent to the Term Sheet, the Vendor is required to undertake the Pre-Acquisition Restructuring prior to the completion of the Proposed Acquisition. The rationale for the Pre-Acquisition Restructuring is to ensure Rymnet SGP becomes a wholly-owned subsidiary of Rymnet prior to the completion of the Proposed Acquisition.

The purchase consideration of the Pre-Acquisition Restructuring shall take into consideration, the audited net tangible asset (“NTA”) value of Rymnet SGP as at 31 December 2023 of approximately SGD0.26 million (which is equivalent to approximately RM0.89 million).

### 3. INFORMATION ON RYMNET

Rymnet was incorporated in Malaysia under the Companies Act 1965 on 27 November 2003 as a private limited company and is deemed registered under the Companies Act 2016 under the name Sourcenet Consulting Sdn Bhd. Subsequently, it adopted its current name, Rymnet Solutions Sdn Bhd on 16 May 2011. The registered address of Rymnet is at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

Rymnet is principally involved in the provision of information technology services, computer software programming and products, human resource management software and application programme as well as computer human resource management software consultancy and training.

Rymnet has an issued share capital of RM100,000.00 comprising 100,000 Rymnet Shares as at LPD.

The Directors and shareholders of Rymnet and their respective shareholdings in Rymnet as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of Rymnet Shares	%	No. of Rymnet Shares	%
<b><u>Directors and shareholders</u></b>					
Un Sze Hau	Malaysian	99,999	100.00	(1)1	^
Un Sze Shen	Malaysian	1	^	(2)99,999	100.00

**Notes:-**

^ Negligible.

(1) Deemed interested by virtue of his family relationship with Un Sze Shen pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his family relationship with Un Sze Hau pursuant to Section 8 of the Act.

Prior to the completion of the Proposed Acquisition, Un Sze Hau shall procure the remaining 1 Rymnet Share from Un Sze Shen resulting in Un Sze Hau becoming the sole shareholder of Rymnet as shown below:-

	Nationality	Shareholdings			
		Direct		Indirect	
		No. of Rymnet Shares	%	No. of Rymnet Shares	%
<b><u>Director</u></b> Un Sze Shen	Malaysian	-	-	-	-
<b><u>Director and shareholder</u></b> Un Sze Hau	Malaysian	100,000	100.00	-	-

As at the LPD, Rymnet does not have any subsidiaries. However, pursuant to the completion of the Pre-Acquisition Restructuring, Rymnet SGP will become a wholly-owned subsidiary of Rymnet. The details of Rymnet SGP are set out as follows:-

Company	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
Rymnet SGP	23 March 2017 (Singapore)	SGD10,000.00 (equivalent to approximately RM34,810.00 as at the LPD) comprising 10,000 shares	100.00	Selling and distribution of payroll software including human resources services as well as management consultancy services.

#### 4. SALIENT TERMS OF THE TERM SHEET

The salient terms of the Term Sheet are, amongst others, as follows:-

##### 4.1 Pre-Acquisition Restructuring

- (i) After the execution of this Term Sheet, Rymnet will acquire 100% ownership of Rymnet SGP from the Vendor based on the NTA as at 31 December 2023. As such, an amount equivalent to the NTA value as at 31 December 2023 will be due and payable by Rymnet to the Vendor ("**Agreed Consideration**").
- (ii) Prior to completion of the Proposed Acquisition, the Vendor shall be entitled to receive a sum of RM7.50 million as dividends ("**Dividend Payment**") and the Agreed Consideration provided that both the Dividend Payment and the Agreed Consideration will not affect the operational cash flow of Rymnet and Rymnet SGP, and at least a cash sum of RM2.50 million will remain in Rymnet and Rymnet SGP (collectively referred to as "**Target Companies**") after the payment of Dividend Payment and Agreed Consideration to the Vendor.

For the avoidance of doubt, the total payment of the Agreed Consideration and Dividend Payment will be limited to the sum of not more than RM7.50 million.

##### 4.2 Conditions Precedent

The conditions precedent for the Proposed Acquisition will be the following:-

- (i) satisfactory legal, tax and financial due diligence on the Target Companies, and resolution of all issues identified by RGTECH arising from the due diligence findings, if any;
- (ii) the approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authority (if any) for the issuance and listing of the Consideration Shares;
- (iii) the approval of RGTECH's shareholders at an extraordinary general meeting ("**EGM**") to be convened for the Proposed Acquisition and for the issuance of the Consideration Shares;
- (iv) subject to the fulfilment of the abovementioned conditions precedent (i) to (iii), the Vendor is required to complete the Pre-Acquisition Restructuring in accordance with the provisions contained in the Term Sheet;

- (v) upon the completion of the Pre-Acquisition Restructuring, RGTECH, the Vendor, Wong Yen Paul (“**Paul Wong**”) and Tan Choo U (“**Jeff Tan**”) shall enter into a shareholders’ agreement. For information purposes, the Vendor will transfer his 4,000 Rymnet Shares to Paul Wong and 5,000 Rymnet Shares to Jeff Tan, both of whom are key personnel of Rymnet, concurrent with the completion of the Proposed Acquisition.

Upon completion, the shareholding structure in Rymnet will be as follows:-

Name of shareholder	No. of Rymnet Shares held	Shareholdings (%)
RGTECH	80,000	80.00
Un Sze Hau	11,000	11.00
Paul Wong	4,000	4.00
Jeff Tan	5,000	5.00
<b>Total</b>	<b>100,000</b>	<b>100.00</b>

- (vi) the Vendor shall enter into and also procure Paul Wong and Jeff Tan (collectively referred to as “**Key Personnel**”) to enter into and sign in escrow the executive service agreements with Rymnet subject to the Vendor, Paul Wong and Jeff Tan agreeing to the terms and conditions contained in the executive service agreements; and
- (vii) such other conditions as may be advised by RGTECH’s solicitors and principal adviser as necessary or mandatory for purposes of completing the Proposed Acquisition.

(Collectively referred to as the “**Conditions Precedent**”)

The Conditions Precedent shall be satisfied (or waived) within 3 months or such other longer period(s) from the date of the SPA and the date of satisfaction of all the Conditions Precedent (“**Unconditional Date**”).

#### 4.3 Purchase Consideration and payment terms

RGTECH shall acquire the Sale Shares, representing 80% of issued share capital in Rymnet for the Purchase Consideration and to be fully satisfied through cash consideration of RM42.50 million (including RM10.00 million which will be retained by RGTECH (“**Retention Sum**”) as part of profit guarantee arrangement set out in **Section 4.4** below (“**Profit Guarantee**”) and the balance RM10.00 million via issuance of Consideration Shares. The summary on the mode of consideration for the Purchase Consideration is set out below:-

Timing of settlement	Cash consideration (RM’million)	Issuance of Consideration Shares (RM’million)	Total (RM’million)
<b>Initial Payment</b>			
Within 7 market days from the Unconditional Date	12.50	-	<b>12.50</b>
Within 90 days from the Unconditional Date or such additional period as may be required for the drawdown of RGTECH’s loan provided that the letter of offer has been secured within the agreed 90 days from the Unconditional Date or a further date mutually agreed by the Parties	20.00	10.00	<b>30.00</b>
<b>Total</b>	<b>32.50</b>	<b>10.00</b>	<sup>(1)</sup> <b>42.50</b>
<b>Profit Guarantee<sup>(2)</sup></b>			
Within 15 days after the issuance of the Audited Financial Statement (“ <b>AFS</b> ”) as at Financial Year Ending (“ <b>FYE</b> ”) 31 December 2024	5.00	-	<b>5.00</b>

Timing of settlement	Cash consideration (RM'million)	Issuance of Consideration Shares (RM'million)	Total (RM'million)
Within 15 days after the issuance of the AFS for FYE 31 December 2025	5.00	-	5.00
<b>Total</b>	<b>42.50</b>	<b>10.00</b>	<b>52.50</b>

**Notes:-**

- (1) *The Proposed Acquisition shall be deemed to be completed upon the payment of the Initial Payment amounting to RM42.50 million.*
- (2) *The remaining balance sum of RM10.00 million (being the Retention Sum) shall be retained by RGTECH as security for the Profit Guarantee and shall be paid out to the Vendor over a 2-year period subject to the achievement of the Profit Guarantee as set out in **Section 4.4** of this announcement.*

#### 4.4 Profit Guarantee

- (i) For the purpose of assuring to RGTECH the full benefit of the business and goodwill of the Target Companies and notwithstanding the completion of the Proposed Acquisition, the Vendor guarantees to RGTECH that the Target Companies shall achieve the following:-
  - (a) a consolidated profit after tax ("**PAT**") of the Target Companies ("**Adjusted PAT**") of RM5.00 million for FYE 31 December 2024 ("**Year 1 Profit Guarantee**"); and
  - (b) an Adjusted PAT of RM6.00 million for FYE 31 December 2025 ("**Year 2 Profit Guarantee**").

(collectively referred to as the "**Accumulated Profit Guarantee**")
- (ii) Any shortfall amount of the Year 1 Profit Guarantee shall be withheld by RGTECH from payment of the Retention Sum and such shortfall shall carry forward to the Year 2 Profit Guarantee. If the Year 2 Profit Guarantee, including any carried-forward shortfall from Year 1, is achieved, the Vendor shall be entitled to the shortfall amount withheld by RGTECH from the Retention Sum and the Retention Sum for Year 2 Profit Guarantee.
- (iii) If Rymnet fails to achieve the Accumulated Profit Guarantee by the end of Year 2 Profit Guarantee, the Retention Sum or such part of it proportionate to the shortfall shall be applied towards making good any shortfall of the Accumulated Profit Guarantee in accordance with the formula set out in the Term Sheet. If there is any accumulated losses for the FYE 31 December 2024 and FYE 31 December 2025, the Vendor shall be liable to pay for such accumulated loss.

#### 4.5 Moratorium

- (i) The Consideration Shares shall be subject to the following moratorium ("**Moratorium Share(s)**"):-
  - (a) at any time from the date of issuance up to the first anniversary thereof, 50% of the Consideration Shares shall be subject to moratorium;
  - (b) at any time from the day after the first anniversary date up to the second anniversary date, 20% of the Consideration Shares shall be subject to moratorium; and
  - (c) after the second anniversary date, there shall be no moratorium imposed on any part of the Consideration Shares;

- (ii) Save as permitted above, during the moratorium period, the Vendor shall undertake not to sell, transfer, or otherwise dispose of any of the Moratorium Shares, except with the written consent of RGTECH.

If the Vendor breaches any of the terms of the Moratorium as outlined above, the Retention Sum or any balance thereof shall be forfeited to RGTECH as agreed liquidated damages.

## 5. INFORMATION ON THE VENDOR

Un Sze Hau, a Malaysian, aged 53, is the founder and Chief Executive Officer of Rymnet. He graduated with a Higher Diploma in Computer Studies from the University of Humber, United Kingdom.

He has more than 25 years of experience in the HR solutions industry, both locally and internationally. He has an extensive career experience in the IT industry prior to Rymnet. He has previously held the role of, amongst others, the Sales Director in WINACC Atcom Sdn Bhd (a subsidiary of Atcom Group), Regional Sales Director for Infotech Alliance Berhad and Director, Regional Business Development for a multinational software firm.

Throughout his career, he was primarily entrusted to formulate and monitor the sales growth strategies and sales direction of the firms as well as undertake customer management and retention functions with the aim to widen the customer base of the firms.

He is currently responsible for spearheading Rymnet's business in the provision of a full-fledged HR management software and services, aiding a wide range of industries in Malaysia to digitalize its HR functions and processes towards seamless execution and reporting.

## 6. RATIONALE OF THE TERM SHEET AND THE PROPOSED ACQUISITION

The Term Sheet demonstrates RGTECH's long-term commitment to expand its solution offerings and market presence in the IT sector.

Rymnet is an established IT solutions provider, primarily focusing on the digitalisation of HR management and operations. The Proposed Acquisition will enable RGTECH to expand its current IT solution offerings. As at the LPD, RGTECH and its subsidiaries ("**RGTECH Group**" or "**Group**") offers proprietary retail management solutions and mobile applications which includes retail and food & beverage management software, warehouse management system, proof of delivery, payment gateway, and integrated maintenance system. The Group also provides industrial software solutions, including back-end inventory tracking and management, as well as sales automation systems.

Through the Proposed Acquisition, the Group will be able to incorporate HR management system modules into its existing suite of solutions, thereby offering a more comprehensive and integrated service to its customers. This enhancement not only improves the value proposition for potential customers but also generates significant cross-selling opportunities with existing customers.

By leveraging its established customer relationships, the Group can effectively introduce the new HR management modules, thereby increasing adoption rates and boosting customer retention.

Premised on the above, the Board expects the Proposed Acquisition will introduce a new revenue stream to the Group, driving sustainable growth and profitability in the long term.

**7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM**

None of the Directors, major shareholders, chief executive of RGTECH and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisition as the Vendor are non-related parties.

**8. DIRECTORS' STATEMENT**

The Board, after considering all aspects of the Term Sheet, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

**9. APPROVALS REQUIRED AND CONDITIONALITY**

The Term Sheet is not subject to the approval of shareholders of the Company and/or any regulatory authorities.

The Proposed Acquisition is conditional upon, amongst others, the following:-

- (i) the approval of the shareholders of RGTECH for the Proposed Acquisition at an EGM to be convened;
- (ii) the approval from Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities; and
- (iii) the approval of any relevant authorities, as may be required under the Proposed Acquisition.

The Proposed Acquisition is conditional upon the completion of the Pre-Acquisition Restructuring. However, the Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

**10. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Term Sheet will be available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of 1 month commencing from the date of this announcement.

**This announcement is dated 12 July 2024.**