

THIS CIRCULAR TO SHAREHOLDERS OF RADIANT GLOBALTECH BERHAD ("RGTECH" OR THE "COMPANY") ("CIRCULAR") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd as the Principal Adviser to Radiant Globaltech Berhad for the Proposed Acquisition (as defined herein).

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RADIANT GLOBALTECH BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ACQUISITION BY RGTECH OF 80% EQUITY INTEREST IN RYMNET SOLUTIONS SDN BHD FOR A TOTAL PURCHASE CONSIDERATION OF RM52.50 MILLION TO BE FULLY SATISFIED VIA A COMBINATION OF CASH CONSIDERATION AND ISSUANCE OF 30,303,000 NEW ORDINARY SHARES IN RGTECH;

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No.: 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

Date and time of the EGM : Thursday, 28 November 2024 at 10.00 a.m. or at any adjournment thereof

Last date and time for lodging the Proxy Form for the EGM : Tuesday, 26 November 2024 at 10.00 a.m. or at any adjournment thereof

Venue of the EGM : Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) must be deposited at the office of the Share Registrar of our Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronically lodged via Tricor Investor & Issuing House Services Sdn Bhd online website at <https://tiih.online>, not less than forty-eight (48) hours before the time for holding the EGM or adjourned meeting as the case may be. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

This Circular is dated 28 October 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“Accumulated Guarantee” or “Profit Guarantee”	: Aggregate guaranteed PAT to be achieved by Rymnet Group of RM11.00 million over the Guarantee Period
“Act”	: Companies Act 2016
“AFS”	: Consolidated audited financial statements
“AI”	: Artificial intelligence
“Board”	: Board of Directors of RGTECH
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
“Cash Consideration”	: The aggregate cash consideration of RM42.50 million (including the Retention Sum) to be paid to the Vendor pursuant to the SPA
“Circular”	: This circular to shareholders of RGTECH dated 28 October 2024 in relation to the Proposed Acquisition
“Consideration Share(s)”	: 30,303,000 new RGTECH Shares to be issued and allotted at the Issue Price (with any fractional entitlement, if any, to be disregarded in accordance to the terms set out the SPA) to the Vendor pursuant to the Proposed Acquisition
“DIO”	: Digital Investment Office
“Director(s)”	: The director(s) of RGTECH and shall have the same meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“E&E”	: Electrical and electronics
“EGM”	: Extraordinary general meeting of RGTECH
“EPS”	: Earnings per share
“FPE”	: Financial period ended/ending, as the case may be
“FYE”	: Financial year ended/ending, as the case may be
“Guarantee Period”	: A period of 2 financial years, being the FYE 31 December 2024 and FYE 31 December 2025
“HR”	: Human resource
“ICT”	: Information and communications technology
“Initial Payment”	: The initial payment of cash consideration of RM32.50 million and the issuance of Consideration Shares amounting to RM10.00 million to be paid to the Vendor pursuant to the SPA
“Issue Price”	: RM0.33 per Consideration Share
“IT”	: Information technology

DEFINITIONS (CONT'D)

“Jeff Tan”	:	Tan Choo U
“Key Personnel”	:	Collectively, the Vendor, Paul Wong and Jeff Tan
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	21 October 2024, being the latest practicable date prior to the printing and despatch of this Circular
“LTD”	:	11 July 2024, being the last trading day immediately prior to the date of signing of the Term Sheet
“MIDA”	:	Malaysian Investment Development Authority
“MyDigital”	:	Malaysia Digital Economy Blueprint
“NA”	:	Net asset
“NTA”	:	Net tangible asset
“Parties”	:	Collectively, RGTECH and the Vendor
“PAT”	:	Profit after taxation
“Paul Wong”	:	Wong Yen Paul
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price-to-earnings multiple
“Pre-Acquisition Restructuring”	:	The acquisition of the entire equity interest in Rymnet SGP by Rymnet for cash consideration of SGD0.26 million
“Proposed Acquisition”	:	Proposed acquisition of 80,000 Rymnet Shares, representing 80% equity interest in Rymnet for the Purchase Consideration
“Purchase Consideration”	:	Total purchase consideration of RM52.50 million for the Proposed Acquisition, which shall be fully satisfied via a combination of Cash Consideration and issuance and allotment of the Consideration Shares in the manner set out in Section 2.6 of this Circular
“Retention Sum”	:	A sum of RM10.00 million from the Cash Consideration to be retained by RGTECH as security for the Profit Guarantee provided by the Vendor pursuant to the SPA
“RGTECH” or the “Company”	:	Radiant Globaltech Berhad (Registration No.: 200301018877 (621297-A))
“RGTECH Group” or the “Group”	:	Collectively, RGTECH and its subsidiaries
“RGTECH Share(s)” or “Share(s)”	:	Ordinary share(s) in RGTECH
“Rymnet”	:	Rymnet Solutions Sdn Bhd (Registration No.: 200301033025 (635446-H))
“Rymnet Group”	:	Collectively, Rymnet and Rymnet SGP

DEFINITIONS (CONT'D)

“Rymnet Share(s)” or “Sale Share(s)”	: Ordinary share(s) in Rymnet
“Rymnet SGP”	: Rymnet Solutions Pte Ltd (Unique Entity No.: 201707995D), which will be a wholly-owned subsidiary of Rymnet upon the completion of the Pre-Acquisition Restructuring
“Shareholders’ Agreement”	: The shareholders’ agreement to be entered into between the Key Personnel
“SPA”	: The conditional share purchase agreement entered into between the Parties on 9 September 2024 in relation to the Proposed Acquisition
“Term Sheet”	: The legally binding term sheet entered into between the Parties on 12 July 2024 to provide a structured framework and accord adequate time for the Parties to finalise the definitive terms of the SPA
“Unconditional Date”	: The date when all the conditions precedent of the SPA have been fulfilled or waived (as the case may be) in accordance to the terms of the SPA
“UOBKH” or the “Principal Adviser”	: UOB Kay Hian Securities (M) Sdn Bhd (Registration No.: 199001003423 (194990-K))
“Vendor”	: Un Sze Hau
“VWAP”	: Volume-weighted average market price

Currencies

“RM” and “Sen”	: Ringgit Malaysia and sen, respectively
“SGD”	: Singapore Dollar

All references to “our Company” and “RGTECH” in this Circular are to RGTECH and references to “our Group” or “RGTECH Group” are to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are to our Company, and where the context requires, our Group or any of our subsidiaries. All references to “you” or “your” in this Circular are to the shareholders of RGTECH.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that RGTECH’s plans and objectives will be achieved. Shareholders should not place undue reliance on such forward-looking statement, and we do not undertake any obligation to update publicly or revise any forward-looking statements.

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RADIANT GLOBALTECH BERHAD

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

Registered Office

Third Floor, No. 77, 79 & 81,
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan

28 October 2024

Board of Directors

Dato' Siow Kim Lun

(Independent Non-Executive Chairman)

Yap Ban Foo

(Vice Chairman/ Senior Executive Director)

Yap Sin Sang

(Senior Executive Director)

Tevanaigam Randy Chitty

(Independent Non-Executive Director)

Mashitah Binti Osman

(Independent Non-Executive Director)

To: The shareholders of RGTECH

Dear Sir/ Madam,

PROPOSED ACQUISITION

Unless stated otherwise, the following foreign exchange rate (being the middle rate quoted by Bank Negara Malaysia as at 5.00 p.m. on the LPD) has been used throughout this announcement:-

SGD 3.2757 : RM 1.00

1. INTRODUCTION

Our Company had, on 12 July 2024, executed a Term Sheet with the Vendor to finalise the definitive terms of the SPA. On 9 August 2024, the Parties had mutually agreed to extend the negotiation period from 11 August 2024 up to 10 September 2024 via a supplemental letter to provide additional time for both Parties to finalise the terms of the SPA.

Subsequent thereto, on 9 September 2024, UOBKH had, on behalf of our Board, announced on even date that our Company had entered into a SPA with the Vendor to acquire 80,000 Rymnet Shares, representing 80% equity interest in Rymnet, for a purchase consideration of RM52.50 million. The Purchase Consideration shall be fully satisfied via a combination of cash consideration of RM42.50 million and the issuance and allotment of 30,303,000 Consideration Shares at the Issue Price of RM0.33 per Consideration Share.

The Proposed Acquisition is in line with our Group's business strategic plans to widen and diversify our IT solution offerings. For information purposes, Rymnet is an established IT solutions provider, focusing on the digitalisation of HR management operations. Since launching its cloud-based platform in 2011, Rymnet has been providing a comprehensive suite of HR solutions, including, amongst others, payroll, time attendance, and e-learning software modules. Rymnet has an established track record of serving more than 200 clients, offering streamlined and integrated HR solutions tailored to various industries.

The Proposed Acquisition is conditional upon the completion of the Pre-Acquisition Restructuring, which would thereby result in Rymnet SGP being a wholly-owned subsidiary of Rymnet. This Pre-Acquisition Restructuring aims to strategically align Rymnet's corporate structure and ownership. Through the streamlining of the corporate structure and ownership, the Pre-Acquisition Restructuring will enable better resource allocation, strengthen Rymnet's market position, and facilitate the implementation of a cohesive strategic vision and plans.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE OUR SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AS WELL AS TO SEEK THE APPROVAL FROM OUR SHAREHOLDERS FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of the Sale Shares by our Company from the Vendor for the Purchase Consideration of RM52.50 million subject to the terms and conditions of the SPA, free from all encumbrances and with all attached or accrued rights as at the completion date of the SPA. Upon completion of the Proposed Acquisition, Rymnet will become a subsidiary of RGTECH. The salient terms of the SPA are set out in **Appendix I** of this Circular.

It is pertinent to note that as disclosed in **Section 1** above and as part of the conditions precedent of the SPA, the Vendor is required to complete the Pre-Acquisition Restructuring prior to the completion of the Proposed Acquisition. The purchase consideration of the Pre-Acquisition Restructuring of SGD0.26 million (which is equivalent to approximately RM0.85 million) is an amount equivalent to the audited NTA value of Rymnet SGP as at 31 December 2023 of approximately SGD0.26 million and shall be satisfied entirely in cash ("**Agreed Consideration**") through internally generated funds. The Agreed Consideration shall be paid to the Vendor prior to the completion of the Proposed Acquisition.

In addition to the Agreed Consideration, the Vendor shall be entitled to receive any dividends that Rymnet declares before the completion of the Pre-Acquisition Restructuring ("**Dividend Payment**"). However, for the avoidance of doubt, the Vendor shall have the right to either receive the Dividend Payment, Agreed Consideration or both, provided that the total of both the Dividend Payment and the Agreed Consideration shall collectively not exceed RM7.50 million.

As part of the terms of the SPA, the Vendor also guarantees to us that Rymnet Group shall achieve the Accumulated Profit Guarantee of RM11.00 million over the Guarantee Period. Further details of the Accumulated Profit Guarantee are set out in **Section 2.7** and **Appendix I** of this Circular.

2.1 Information on Rymnet

Rymnet was incorporated in Malaysia under the Companies Act 1965 on 27 November 2003 as a private limited company under the name Sourcenet Consulting Sdn Bhd and is deemed registered under the Act. 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 SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

Further information on Rymnet Group is set out in **Appendix II** of this Circular.

2.2 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 Humberside, United Kingdom.

He has more than 25 years of experience in the HR solutions industry, both locally and internationally. He has extensive career experience in the IT industry prior to founding 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 (now known as JAG Berhad) and Director, Regional Business Development for a subsidiary of 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 to undertake customer management and retention functions with the aim of widening 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 digitalise its HR functions and processes towards seamless execution and reporting.

2.3 Purchase Consideration

Subject to the terms of the SPA, the Sale Shares shall be acquired at the Purchase Consideration, free from all pledges, liens or other encumbrances and with all rights (i.e. bonuses, rights, dividends and distributions declared paid or made) from the date of the SPA.

The Vendor represents and warrants that the sale and purchase of the Sale Shares shall be subject to the following basis and conditions:-

- (i) Rymnet Group shall possess and continue to possess all necessary approvals, licences and permits, if any, required to operate its business;
- (ii) Rymnet SGP shall become and remain as the subsidiary of Rymnet after the completion of the Pre-Acquisition Restructuring and the Proposed Acquisition;
- (iii) the consolidated NA of Rymnet Group as at the date of completion of the SPA shall not be less than RM3.00 million after the distribution of the Dividend Payment. However, the Purchase Consideration shall be subject to a downward adjustment in the manner set out in the SPA (which shall be mutually agreed by both parties) in the event that the consolidated NA of Rymnet Group is less than the sum of RM3.00 million pursuant to the distribution of the Dividend Payment;
- (iv) save as expressly agreed in the SPA on the Dividend Payment, there shall be no dividend payout to the existing shareholders or reduction of the NA of Rymnet Group before the completion of the Proposed Acquisition; and
- (v) Rymnet Group remain as a going concern.

Notwithstanding the above, the Purchase Consideration shall also be subject to a downward adjustment in the manner set out in the SPA in the event that the due diligence exercise identifies any material adverse deviations from the basis of acquisition of the Sale Shares as stated above.

2.4 Basis and justification of determining the Purchase Consideration

The Purchase Consideration of RM52.50 million was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration the following:-

- (i) the PE Multiple of 15.73 times, derived based on the latest audited PAT of Rymnet of approximately RM4.17 million for the FYE 31 December 2023, multiplied by 80% interest to be acquired under the Proposed Acquisition;
- (ii) the Accumulated Profit Guarantee of RM11.00 million during the Guarantee Period. Further details of the Profit Guarantee are set out in **Section 2.7** and **Appendix I** of this Circular;
- (iii) the historical pro forma financial track record of Rymnet Group for the past 3 financial years as set out in **Appendix II** of this Circular;
- (iv) the rationale and justification of the Proposed Acquisition as set out in **Section 3** of this Circular; and
- (v) the future prospects of our enlarged RGTECH Group as set out in **Section 4.3** of this Circular.

Further, in determining the Purchase Consideration, our Board has taken into consideration the PE Multiple of comparable companies (“**Comparable Companies**”) listed on Bursa Securities.

For information purposes, the PE Multiple is the measure of the market price of a company’s shares relative to its annual net income per share, and is computed as follows:-

$$PE\ Multiple = \frac{Market\ price\ of\ the\ share}{EPS}$$

In respect of the Comparable Companies analysis, our Board noted that there are no comparable companies that may be identical to Rymnet Group in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, risk profile, future prospects and other criteria.

However, for the purposes of the analysis, our Board has identified the Comparable Companies as set out in the ensuing section based on the requirement that the principal activities of the entities are similar to Rymnet Group’s principal activities with market capitalisation below RM 700 million. For information purposes, the market capitalisation of RGTECH as at LPD is RM178.57 million.

The Comparable Companies are as follows:-

Comparable Companies	Principal activities	(1)Closing share price as at the LTD (RM)	(2)PAT (RM'000)	(2)EPS (sen)	(1)Market capitalisation as at the LTD (RM'mil)	(3)PE Multiple (times)
IFCA MSC Berhad	IFCA MSC Berhad and its subsidiaries are principally engaged in developing and providing business software solutions for the property, construction and hospitality industries. Their solution offerings involves software development, system integration, training and implementation as well as other related professional services to small to medium enterprises to large corporations and government linked agencies.	0.87	2,129	0.35	526.53	(4)248.57
SMRT Holdings Berhad	SMRT Holdings Berhad is principally engaged in investment holding. Through its subsidiaries, it is involved in IT solutions related telecommunication, development and marketing software of human resources as well as IT solutions to the telecommunication industry.	1.01	7,450	1.67	457.49	60.48
Infoline Tec Group Berhad	Infoline Tec Group Berhad is principally engaged in the business of investment holding. Through its subsidiaries, it is involved in providing IT infrastructure solutions, cybersecurity solutions, managed IT and other IT services, and trading of ancillary hardware and software, provision of mechanical and electrical services as well as provision of information infrastructure equipment sales and services.	1.04	18,345	5.05	377.76	20.59
Kronologi Asia Berhad	Kronologi Asia Berhad is principally engaged in investment holding. Through its subsidiaries, it is involved in the provision of business consulting, designing of solutions and research and development relating to new and emerging information technology software, applications, multimedia development, information systems, data management software, data protection solutions and processes, system back-up and disaster recovery systems and related businesses. It also involves in the provision of hybrid and cloud enterprise data management technology and solutions.	0.42	8,628	1.17	373.97	35.90

Comparable Companies	Principal activities	(1) Closing share price as at the LTD (RM)	(2) PAT (RM'000)	(2) EPS (sen)	(1) Market capitalisation as at the LTD (RM'mil)	(3) PE Multiple (times)
Autocount Dotcom Berhad	Autocount Dotcom Berhad is principally engaged in investment holding. Through its subsidiaries, it is involved in the wholesale of computer hardware, software and peripherals, trading of software and services and development of software and programming activities.	1.26	12,983	2.51	693.63	50.20
Ramssol Group Berhad	Ramssol Group Berhad is principally engaged in the business of investment holding. Through its subsidiaries, it is principally involved in business digitalisation, automation, human capital management solutions, student management solutions, IT staff augmentation services, and technology applications.	0.69	6,261	2.44	218.49	28.07
					High	60.48
					Average	39.05
					Low	20.59
					Rymnet (valuation multiple)	(5) 15.73

Notes:-

(1)

Extracted from Bloomberg as at the LTD.

(2)

Based on the latest annual reports of the respective Comparable Companies listed on Bursa Securities.

(3)

Calculated based on the closing share price as at the LTD divided by EPS.

(4)

Deemed as an outlier.

(5)

Calculated based on the Purchase Consideration over the latest audited PAT of Rymnet for the FYE 31 December 2023 of RM4.17 million, multiplied by the 80% interest to be acquired under the Proposed Acquisition.

Our Board is of the view that the Purchase Consideration, which represents a PE Multiple of 15.73 times (computed based on the latest audited PAT of Rymnet for the FYE 31 December 2023 of approximately RM4.17 million, multiplied by 80% interest to be acquired under the Proposed Acquisition) is justifiable and attractive to our Group given that the said PE Multiple is below the average trading PE Multiple of the Comparable Companies.

2.5 Basis and justification of determining the Issue Price of the Consideration Shares

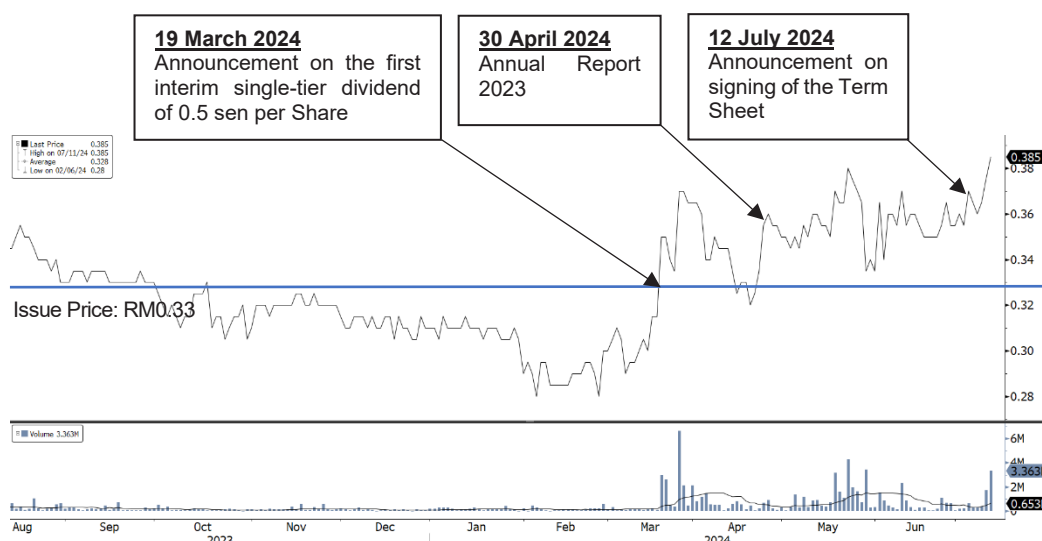
Pursuant to the terms of the SPA, the Issue Price of RM0.33 per Consideration Share was agreed between our Company and the Vendor on a “willing-buyer willing-seller” basis, based on the discount of approximately 9.98% to the 1-month VWAP of RGTECH Shares of RM0.3666 up to and including the LTD.

The Issue Price represents the following discounts to the prevailing market prices of RGTECH Shares for the past 12 months up to the LTD:-

Price/VWAP up to and including the LTD	Share price	Discount	
	RM	RM	%
Last transacted price of RGTECH Shares	0.3850	0.0550	14.29
5-day VWAP of RGTECH Shares	0.3744	0.0444	11.86
1-month VWAP of RGTECH Shares	0.3666	0.0366	9.98
3-month VWAP of RGTECH Shares	0.3587	0.0287	8.00
6-month VWAP of RGTECH Shares	0.3509	0.0209	5.96
12-month VWAP of RGTECH Shares	0.3453	0.0153	4.43

(Source: Bloomberg)

The trading market price of RGTECH Shares for the past 12 months up to and including the LTD are shown in the chart below:-



(Source: Bloomberg)

Although the last transacted price of RGTECH Shares was RM0.3850 on the LTD, our Board is of the view that the Issue Price of RM0.33 per Consideration Share is fair and justifiable after taking into consideration the following:-

- the decision by the Parties to adopt a discount of approximately 9.98% to the 1-month VWAP up to and including the LTD was negotiated on a “willing-buyer willing-seller” basis to better reflect the trading market price of RGTECH Shares over a broader timeframe, which smoothens out short-term volatility whilst also reflecting the underlying market conditions prior to the signing of the Term Sheet;

- (ii) the Issue Price is deemed sufficiently attractive for the Vendor to accept the Purchase Consideration in the form of Consideration Shares and for our Group to secure the commitment of the Vendor in securing the transaction. It is pertinent to note that the Consideration Shares will be subject to market and volatility risks influenced by factors, which include changes to market sentiment and potential low trading liquidity in the future;
- (iii) with the Vendor eventually holding equity interest in our Company, it will provide added motivation for the Vendor to assist in the growth of our enlarged Group and increase shareholders' value in the long term; and
- (iv) the partial settlement of the Purchase Consideration via the issuance of the Consideration Shares will enable our Group to enhance our asset base without fully relying on internally generated funds and/or bank borrowings.

Notwithstanding the above, it should be noted that the Issue Price represents a discount of 2.94% over the last transacted price of RGTECH Shares as at the LPD of RM0.34. Our Board also noted that the Issue Price represents a discount of 9.59% over the 5-day VWAP of RGTECH Shares up to and including 6 September 2024, being the last trading day prior to the date of signing of the SPA of RM0.365.

2.6 Mode of settlement

We shall acquire the Sale Shares, representing 80% of issued share capital in Rymnet for the Purchase Consideration of RM52.50 million to be satisfied through Cash Consideration of RM42.50 million (of which RM10.00 million will be the Retention Sum to be paid out in a manner as set out in **Section 2.7** and **Appendix I** of the Circular) and the balance of RM10.00 million via issuance of Consideration Shares to the Vendor. The summary of the mode of settlement for the Purchase Consideration is set out below:-

Timing of settlement	Cash consideration (RM'million)	Issuance of Consideration Shares (RM'million)	Total (RM'million)
<u>Initial Payment</u>			
Within 7 market days from the Unconditional Date	12.50	-	12.50
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 in respect of RGTECH's loan 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	30.00
Total	32.50	10.00	⁽¹⁾ 42.50
<u>Profit Guarantee</u> ⁽²⁾			
Within 15 days after the issuance of the consolidated AFS of Rymnet Group for the FYE 31 December 2024 (" Year 1 Retention Sum ")	5.00	-	5.00
Within 15 days after the issuance of the consolidated AFS of Rymnet Group for the FYE 31 December 2025 (" Year 2 Retention Sum ")	5.00	-	5.00
Total	42.50	10.00	52.50

Notes:-

- * Fractional entitlement of Consideration Shares will be disregarded as mutually agreed by both Parties in the SPA.

- (1) *The Proposed Acquisition shall be deemed to be completed upon 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 arrangement and shall be paid out to the Vendor over the Guarantee Period subject to the achievement of the Profit Guarantee as set out in **Section 2.7** of this Circular.*

2.7 Profit Guarantee

For the purpose of assuring the full benefit of the business and goodwill of Rymnet Group, the Vendor guarantees to us that Rymnet Group shall achieve an Accumulated Profit Guarantee of RM11.00 million over the Guarantee Period, in the following manner:-

- (a) an audited consolidated PAT of Rymnet Group after adjusting for any non-recurring items (in particular, impairment of bad debts and other non-operational expenses) ("**Adjusted PAT**") of RM5.00 million for the FYE 31 December 2024 ("**Year 1 Guaranteed PAT**"); and
- (b) an Adjusted PAT of RM6.00 million for the FYE 31 December 2025 ("**Year 2 Guaranteed PAT**").

Adjusted PAT was adopted to ensure that the PAT reflects the true, ongoing profitability of the business by excluding any one-off events or anomalies that does not represents Rymnet Group's underlying financial performance.

For the avoidance of doubt, our Board noted the following scenarios in relation to the Profit Guarantee arrangement:-

A surplus PAT beyond the Year 1 Guaranteed PAT	A shortfall in Year 1 Guaranteed PAT	Failure to achieve the Accumulated Profit Guarantee by the end of Year 2 Guaranteed PAT
<ul style="list-style-type: none"> Any surplus amount shall be carried forward and deemed as part of the Year 2 Guaranteed PAT. Accordingly, we will release the Year 1 Retention Sum to the Vendor. For the Year 2 Guaranteed PAT, the Vendor is only obligated to make up the difference between the Year 2 Guaranteed PAT and the surplus from Year 1. Upon fulfilling such differences, we will release the Year 2 Retention Sum to the Vendor. 	<ul style="list-style-type: none"> RGTECH shall withhold any shortfall amount from the Year 1 Retention Sum and will carry forward this shortfall forward to the Year 2 Guaranteed PAT. The Vendor will only be entitled to receive both the withheld amount from the Year 1 Retention Sum and the full Year 2 Retention Sum in the event that the shortfall from Year 1 is rectified and the Year 2 Guaranteed PAT is achieved. 	<ul style="list-style-type: none"> We shall withhold the Retention Sum, or a proportionate part thereof corresponding to any shortfall (which shall be deemed as compensation from the Vendor). In the event that accumulated losses are incurred during the Guarantee Period, the Vendor shall be liable to cover such accumulated losses.

Our Board is of the view that the Profit Guarantee is achievable and realistic, taking into consideration, amongst others, the historical pro forma financial results of Rymnet Group set out in **Appendix II** of this Circular as well as the current list of ongoing contracts in hand.

2.8 Moratorium

In accordance to the terms of the SPA, a moratorium will be imposed on the sale, transfer or assignment of the Consideration Shares held by the Vendor upon the completion of the Proposed Acquisition, in the following manner:-

- (i) 50% of the Consideration Shares shall be subject to moratorium at any time from the date of issuance of the Consideration Shares up to the first anniversary thereof;
- (ii) 20% of Consideration Shares shall be subject to moratorium at any time after the first anniversary date up to the second anniversary date; and
- (iii) there shall be no moratorium imposed on any part of the Consideration Shares after the second anniversary date.

Details of the Consideration Shares held by the Vendor after the Proposed Acquisition which will be subject to moratorium are as follows:-

	Year 1 after the Proposed Acquisition		Year 2 after the Proposed Acquisition	
	No. of shares	(1)%	No. of shares	(1)%
Un Sze Hau	15,151,500	2.73	6,060,600	1.09

Note:-

- (1) Based on our enlarged issued share capital comprising 555,503,000 Shares after the Proposed Acquisition.

2.9 Source of funding

Pursuant to the terms of the SPA, the Purchase Consideration amounting to RM52.50 million will be satisfied via a combination of Cash Consideration and the issuance and allotment of Consideration Shares at the Issue Price, further details of which are set out in **Section 2.6** of this Circular.

The Cash Consideration shall be indicatively funded via internally generated funds and/or bank borrowings, the proportion of which is as follows:-

Source of funding	RM	%
Internally generated funds	12,750,000	30.00
Bank borrowings and other forms of equity funding (if required)	29,750,000	70.00
Total	42,500,000	100.00

In the event that our Group is unable to secure the indicated full quantum or there is a shortfall in the funding from bank borrowings or other forms of equity funding (if required), our Group will fund any deficit in the payment of the Cash Consideration through internally generated funds.

2.10 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPA, there are no other liabilities, including contingent liabilities and/or guarantees, to be assumed by our Group arising from the Proposed Acquisition.

2.11 Additional financial commitment required

Save for the Purchase Consideration, there are no additional financial commitments to be incurred by our Group to put the business of Rymnet on-stream in view that Rymnet is already operating as an on-going business entity with an established historical profit track record as set out in **Appendix II** of this Circular.

2.12 Ranking of the Consideration Shares

The Consideration Shares shall, upon issuance and allotment, rank equally in all respects with each other and with the existing RGTECH Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotment and/or other distributions that may be declared, made or paid, where the entitlement date precedes the relevant date of issuance and allotment of the Consideration Shares.

2.13 Listing of and quotation for the Consideration Shares

Bursa Securities had, vide its letter dated 17 October 2024, approved the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, subject to the conditions as stated in **Section 9** of this Circular.

3. RATIONALE AND JUSTIFICATION OF THE PROPOSED ACQUISITION

The Proposed Acquisition will enable us to broaden our range of solutions and enhance our market presence in the IT sector, which is in line with our long-term commitment to becoming a leading integrated technology solutions provider in the region, offering comprehensive expertise in digitalising retail and industrial businesses.

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

Through the Proposed Acquisition, our Group will be able to incorporate HR management system modules into our existing suite of solutions, thereby offering a more comprehensive and integrated service to our customers. This enhancement not only improves the value proposition for potential customers but also generates significant cross-selling opportunities with our existing customers. The Proposed Acquisition will also strengthen our Group's geographical market reach, in particular, our market presence in Singapore. Further, the Proposed Acquisition will enable our Group to market Rymnet's solutions to our clientele in Indochina, where Rymnet currently does not have any market presence.

By leveraging on our Group's established customer relationships, we can effectively introduce the new HR management modules to both our potential and existing Customers, thereby increasing adoption rates and boosting customer retention.

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

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Despite the challenging external environment, the Malaysian economy grew by 3.7% in 2023, supported by resilient domestic demand and further recovery in tourism activities. During the year, the economy faced multiple challenges from weak external demand, disruptions in commodity production and higher cost of living, which weighed on household spending. The more moderate growth also reflected normalising conditions from the high base in 2022, which was supported by the reopening of the economy and sizeable policy measures. The confluence of these factors led growth to reach its trough in the second quarter of 2023.

The Malaysian economy is projected to grow between 4%–5% in 2024, driven by continued expansion in domestic demand, and improvement in external demand. Growth will be driven mainly by resilient domestic expenditure, with additional support emanating from the expected recovery in exports. Continued employment and wage growth will remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be driven by continued progress of multi-year projects in both the private and public sectors, with some support from implementation of catalytic initiatives under the national master plans.

Trade activity is expected to recover gradually in tandem with a rebound in global trade. Gross exports are expected to expand (2024 forecast: 5%; 2023: -8%), driven by the recovery in global trade and the technology upcycle, supporting E&E and non-E&E exports, as well as higher commodity prices underpinning commodity exports. Gross imports, which contracted in 2023, are also projected to increase. This is attributable mainly to higher intermediate imports and stronger domestic demand for consumption goods, alongside continued expansion in imports of capital goods in tandem with investment growth.

Domestic demand is expected to remain the main driver of growth. Household spending is projected to expand at a faster pace (2024 forecast: 5.7%; 2023: 4.7%) supported by improving labour market conditions amid higher income growth and targeted Government assistance. These will partly cushion the impact of higher cost of living, the implementation of low-value goods (LVG) tax, and increase in sales and services tax (SST) on household spending.

Improving labour market conditions will continue to provide support to household spending. Employment will continue to expand, with growth trending closer to its historical average, supported by sustained demand for workers amid the ongoing recovery in tourism-related sectors and external trade activity. Coupled with continued expansion in labour force, the unemployment rate is expected to stabilise around its historical average of 3.3%.

(Source: Economic and Monetary Review 2023, Bank Negara Malaysia)

4.2 Overview and outlook of the ICT industry in Malaysia

Malaysia is emerging as the Southeast Asian region's digital powerhouse, attracting investments in data centres, IT services, creative content, and digital global business services. To strengthen economic resilience against rapid expansion in ICT, the Government is driving every effort to create high-tech sectors.

The Digital Services Industry is one of the fastest growing industries in Malaysia. In 2022, the Department of Statistics, Malaysia ("**DOSM**") reported that ICT contribution to the economy was 23% with a value of RM412.3 billion, which is an increase of 14.8% compared to 12.2% in the previous year. Employment in the ICT industry has also increased by 1% to 1.22 million persons in 2022, with a contribution of 7.9% to total employment. Job opportunities are mainly created by the ICT manufacturing sector at 36.1%, followed by ICT services (29.3%) and ICT trade (21.7%).

Rising adoption of AI technologies, such as machine and deep learning, Natural Language Processing (NLP) and Large Language Models (LLMs) has led to surging hyperscale data centres demand in Malaysia. Technologies requiring significant computational power and storage have spurred purpose-built hyperscale data centres to efficiently handle large scale AI deployments. This creates need for robust computing infrastructure and vast data processing capabilities.

Malaysia is a significantly growing data centre market in Southeast Asia, according to Arizton Advisory & Intelligence's report titled, 'Malaysia Data Center Market-Investment Analysis & Growth Opportunities 2023-2028'. The country's data centre market size was valued at US\$1.3 billion (RM6.1 billion) in 2022 and is expected to reach US\$2.2 billion (RM10.5 billion) by 2028, growing at a compound annual growth rate of 9.41% during the forecast period from 2023 to 2028.

At the heart of Malaysia's digital transformation is the MyDIGITAL and the DIO, a collaborative platform between MIDA and Malaysia Digital Economy Corporation (MDEC). These strategic initiatives underscore the country's unwavering commitment to growing the economy through digital technology. MyDIGITAL sets the stage for a holistic digital transformation, while the DIO acts as a catalyst for facilitating investments with a revised target of RM130 billion in sustainable digital investments by 2025.

National policies like the Twelfth Malaysia Plan (2021-2025), MyDIGITAL (2021-2030), National Fourth Industrial Revolution (4IR) Policy and New Industrial Master Plan (NIMP) 2030 ensure smooth digital adoption and a stronger digital economy.

(Source: Malaysia Investment Performance Report 2023, MIDA)

Based on the industry reports, the Malaysia ICT Market size is estimated at USD 27.20 billion in 2024, and is expected to reach USD 39.18 billion by 2029, growing at a compound annual growth rate of 7.57% during the forecast period (2024-2029). It has been reported that the increased digitalization of processes across all significant industrial sectors is mainly responsible for this growth. Also, compared to other Asian neighbouring nations, Malaysia is expected to witness a comparatively high broadband penetration.

The demand for ICT goods and services is envisaged to continue to be high, mainly attributable to the rollout of 5G, hybrid business models, digital banking, and consumers who keep up with the newest trends. In addition, according to the DOSM, ICT contributed 23.2% of Malaysia's gross domestic product (GDP) in 2023, with an increase of 12.1% from 2022.

(Source: Management of the Group)

4.3 Prospects of our enlarged Group

The IT services industry demands fast pace responsiveness to technological advancements, customer needs, evolving industry standards, and evolving IT operating environment. In order to remain competitive and capitalise on the prospects of the IT sector, it is vital for our Group to adapt to technological changes swiftly and consistently enhance the features and functionalities of the integrated IT solutions of our Group as well as expand our solution offerings. The Proposed Acquisition aligns with our Group's strategic objectives, supporting our efforts to broaden the solutions of our Group and strengthen our market position regionally.

By building on Rymnet's established track record of serving over 200 clients and having an integrated HR solutions tailored to various industries, the businesses within Rymnet Group are anticipated to complement and synergize with our existing operations. This strategic acquisition will allow us to expand the current solution offerings of our Group, creating a comprehensive ecosystem that addresses a wide array of operational needs across various industries. This move will significantly enhance the value proposition for our customers, offering them a more integrated and versatile suite of solutions.

Further, our Group intends to market Rymnet's solutions to our existing clientele located in Indochina upon the completion of the Proposed Acquisition, where Rymnet currently does not have any market presence. Our Group will initiate our plans to cross-sell Rymnet solutions in early 2025. We will proactively recommend these solutions to suitable clients within our existing customer base, and also collaborate with Rymnet to potentially showcase our combined solutions at industry exhibitions and IT seminars or workshops organised by our Group for our customers. This in turn would strengthen our market presence and value proposition in the enterprise IT solutions market. This strategic business expansion plan shall be funded via Rymnet's internally generated funds.

Upon completion of the Proposed Acquisition, Rymnet Group will become a subsidiary of our Group. As a result, the revenue generated by Rymnet Group will be consolidated into our Group's financial statements in accordance with the Malaysian Financial Reporting Standards. This consolidation will enable us to benefit from the potential revenue and profit contributions from Rymnet Group, further enhancing the overall financial performance and growth prospects of our Group.

Premised on the above, our Board opines that the Proposed Acquisition offers an opportunity to further expand our Group's current customer base within the integrated IT solutions industry. Our Board also intends to leverage on the track record, management expertise, talent, and customer base of Rymnet Group to capitalise on the growing market for integrated IT solutions. This strategic move will enable us to expand our capabilities and become an end-to-end integrated IT solutions provider. Additionally, our enlarged Group is expected to benefit from synergistic advantages, which include an increased customer base and the shared use of workforce and technical know-how and facilities, which will help minimise costs and improve profit margin.

5. RISK FACTORS OF THE PROPOSED ACQUISITION

Our Board does not foresee any material risk pursuant to the Proposed Acquisition, save for the inherent risk factors associated with the IT industry, of which our Group is already involved in and will be addressed as part of our Group's ordinary course of business. Notwithstanding that, the potential risks that may have an impact on our Group pursuant to the Proposed Acquisition, which may not be exhaustive, are set out below:-

5.1 Completion risk

The Proposed Acquisition is subject to, amongst others, the fulfilment of the conditions precedent in the SPA as disclosed in **Appendix I** of this Circular as well as the approval of the relevant authorities and the shareholders of our Company. In the event any of the conditions precedent in the SPA are not fulfilled or waived, the Proposed Acquisition may be delayed or terminated, resulting in the potential benefits arising therefrom not materialising.

Our management will take all reasonable steps to ensure the conditions of the SPA are satisfied within the stipulated timeframe to ensure the completion of the Proposed Acquisition.

5.2 Acquisition risk

There is no assurance that the anticipated benefits arising from the Proposed Acquisition will be realised or that Rymnet Group will be able to meet the Profit Guarantee set out in **Section 2.7** of this Circular. The Profit Guarantee was derived based on the profit forecasts and assumptions, and are similarly subject to uncertainties and contingencies that may be outside of the control of the management of Rymnet Group.

While our Board has taken reasonable steps to assess the achievability of Rymnet Group's profit forecast and the Profit Guarantee, which include assessing Rymnet Group's past financial performance as well as the prospects and future plans of our enlarged Group as set out in **Appendix II** and **Section 4.3** of this Circular respectively, there can be no assurance that Rymnet Group's profit forecast or the Profit Guarantee will be met.

We will continually monitor the performance of Rymnet Group and to leverage on our management expertise and experience to effectively manage the operations of Rymnet Group. However, there can be no assurance that any adverse conditions to the IT industry, economic factors and/or increased competition will not affect our Group's business operations, which in turn will materially affect the financial performance and prospects of Rymnet Group.

Notwithstanding thereof, in the event Rymnet Group fails to meet the Accumulated Profit Guarantee by the end of Year 2 Guaranteed PAT, it should be noted that our Company shall be entitled to withhold the shortfall amount from the Retention Sum towards making good any shortfall of the Accumulated Profit Guarantee in the manner as set out in the SPA. In the event Rymnet Group recorded an accumulated loss during the Guarantee Period, the Vendor shall be liable to pay for such accumulated losses.

5.3 Business and operational risk

The Proposed Acquisition is subject to business and operational risks inherent in the IT industry which include and are not limited to the following:-

- (i) operational risks such as risk of degradation in the system's performance due to equipment damage or component failures where any unforeseen replacement of equipment or components which are not budgeted or covered by insurance and/or warranty claims may potentially impact the financial performance of our Group;
- (ii) data security risk where the storage of data electronically and data transmission over the internet may be exposed to external security threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches;
- (iii) increase in operational costs such as maintenance costs, labour wages, insurance premiums and administration costs due to exposure to inflationary pressures; and
- (iv) changes in general economic and business conditions and the existence and/or development of other alternatives in the IT industry.

Any adverse changes in these conditions may have an adverse material effect on the IT industry in Malaysia and our Company. Our Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the IT industry. However, no assurance can be given that any changes in these factors will not have any material adverse effect on our Group's business and financial performance.

5.4 Dependency on key personnel

The future success of Rymnet Group depends on its ability to attract and retain key personnel. The loss of these key personnel may pose an adverse impact on the performance of our Group, as our ongoing success relies heavily on the combined efforts of Rymnet Group's key personnel, alongside the key management and directors of our Group. To ensure leadership continuity, we intend to retain the core management team to drive the business forward. To acknowledge the importance of these key management personnel, our Group will implement strategies such as competitive incentives, attractive remuneration packages, and a supportive work environment to enhance productivity and encourage their retention.

Further, it is pertinent to note that the Key Personnel will execute a Shareholders' Agreement which sets out the agreed rights, duties, liabilities and obligations as shareholders and key personnel as well as in relation to the operation and management of Rymnet Group. The Shareholders' Agreement will be executed upon the completion of the Pre-Acquisition Restructuring. In accordance with the terms of the Shareholders' Agreement, the Key Personnel will also enter into service agreements with our Company for a term of 3 years, ensuring leadership and management continuity following the completion of the Proposed Acquisition. This arrangement will allow the Key Personnel to continue spearheading the growth and managing the business operations of Rymnet Group whilst providing our management team with sufficient time to familiarise ourselves with its business operations and establish a structured succession plan to mitigate any changes in key personnel.

In addition, our Group will also identify high-performing senior management and/or employees to take on additional responsibilities and provide appropriate remuneration packages to retain their services in an effort to mitigate our Group's dependency on key management personnel. However, there is no assurance that the loss of any such key management personnel, high-performing senior management and/or employees will not adversely affect the success of the business of our Group.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Issued share capital

The pro forma effects of the Proposed Acquisition on the issued share capital of our Company are as follows:-

	No. of Shares	RM
Issued share capital of our Company as at the LPD	525,200,000	48,153,374
Issuance and allotment of the Consideration Shares	30,303,000	⁽¹⁾ 9,999,990
Enlarged issued share capital	555,503,000	58,153,364

Note:-

(1) Computed based on the Issue Price of RM0.33 per Consideration Share. Fractional entitlement of Consideration Shares will be disregarded as mutually agreed by both Parties in the SPA.

6.2 Convertible securities

As at the LPD, we do not have any outstanding convertible securities.

6.3 NA per Share and gearing

Based on the latest audited consolidated financial statements of our Group as at 31 December 2023, the effects of the Proposed Acquisition on the consolidated NA per Share and gearing of our Group are as follows:-

	Audited as at 31 December 2023 (RM'000)	After the Proposed Acquisition (RM'000)
Share capital	48,153	⁽¹⁾ 58,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(152)	(152)
Retained earnings	39,904	⁽²⁾ 43,311
Shareholders' equity/ NA	74,224	87,631
Non-controlling interest	(270)	⁽³⁾ (2,410)
Total equity	73,954	85,221
No. of RGTECH Shares ('000)	525,200	⁽¹⁾ 555,503
NA per Share (RM)	0.14	0.16
Total borrowings (RM'000)	-	⁽⁴⁾ 29,750
Gearing (times)	-	0.34

Notes:-

(1) Assuming 30,303,000 Consideration Shares are issued and allotted at the Issue Price of RM0.33 per Consideration Share pursuant to the Proposed Acquisition. Fractional entitlement of Consideration Shares will be disregarded as mutually agreed by both Parties in the SPA.

- (2) *After taking into account the consolidation of 80% of the pro forma consolidated PAT of Rymnet Group for the FYE 31 December 2023 amounting to approximately RM4.58 million and the deduction of the estimated expenses of approximately RM0.26 million in relation to the Proposed Acquisition.*
- (3) *Taking into account the non-controlling interest amounting to 20% of the pro forma consolidated NA of Rymnet as at 31 December 2023 of RM10.70 million.*
- (4) *Cash consideration in relation to the Proposed Acquisition is funded via 70% bank borrowings as set out in **Section 2.9** of this Circular.*

6.4 Earnings and EPS

The Proposed Acquisition is expected to contribute positively to the future earnings and EPS of our Group, taking into consideration the Accumulated Profit Guarantee as well as the consolidation of the revenue and earnings from Rymnet Group. Nevertheless, there may be a corresponding dilution in the EPS of our Group as a result of the overall increase in the number of Shares in issuance pending the recognition of profits from the Proposed Acquisition.

For illustration purposes, assuming that the Proposed Acquisition had been completed on 1 January 2023, being the beginning of the latest audited financial statement for the FYE 31 December 2023 of RGTECH, the pro forma effects of the Proposed Acquisition on the earnings and EPS of our Group are as follows:-

	Audited FYE 31 December 2023	After the Proposed Acquisition
PAT attributable to owners of our Company (RM)	7,655,276	⁽¹⁾ 11,062,069
Total number of issued Shares	525,200,000	555,503,000
EPS (sen)	1.46	1.99

Note:-

- (1) *After taking into account the consolidation of 80% of the pro forma consolidated PAT of Rymnet Group for the FYE 31 December 2023 amounting to approximately RM4.58 million and the deduction of the estimated expenses of approximately RM0.26 million in relation to the Proposed Acquisition.*

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6.5

Substantial shareholders' shareholdings

The effects of the Proposed Acquisition on the substantial shareholders' shareholdings in the Company based on the register of substantial shareholders of the Company as at the LPD are as follows:-

	Shareholdings as at the LPD				Pro forma I			
	Direct		Indirect		After the Proposed Acquisition			
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Global Merits Sdn Bhd	129,968,800	24.75	-	-	129,968,800	23.40	-	-
Practical Resources Sdn Bhd	97,947,200	18.65	-	-	97,947,200	17.63	-	-
Global Success Network Sdn Bhd	80,905,000	15.40	-	-	80,905,000	14.56	-	-
AI Capital Sdn Bhd	47,712,000	9.08	-	-	47,712,000	8.59	-	-
Yap Ban Foo	-	-	(3)129,968,800	24.75	-	-	(3)129,968,800	23.40
Yap Sin Sang	-	-	(4)97,947,200	18.65	-	-	(4)97,947,200	17.63
Ng Lee Tieng	1,917,300	0.37	(5)80,905,000	15.40	1,917,300	0.35	(5)80,905,000	14.56
Lee Thiam Wah	-	-	(6)82,822,300	15.77	-	-	(6)82,822,300	14.91
Tan Chuan Hock	-	-	(7)47,712,000	9.08	-	-	(7)47,712,000	8.59
Un Sze Hau	-	-	-	-	30,303,000	5.46	-	-

Notes:-

- (1) Based on the existing issued share capital comprising 525,200,000 Shares as at the LPD.
- (2) Based on the enlarged issued share capital comprising 555,503,000 Shares after the Proposed Acquisition.
- (3) Deemed interested by virtue of his interest in Global Merits Sdn Bhd pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his interest in Practical Resources Sdn Bhd pursuant to Section 8(4) Act.
- (5) Deemed interested by virtue of the shares held by her spouse, Lee Thiam Wah's interest in Global Success Network Sdn Bhd pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of the shares held by his spouse, Ng Lee Tieng and his interest in Global Success Network Sdn Bhd pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of his interest in AI Capital Sdn Bhd pursuant to Section 8(4) of the Act.

7. PERCENTAGE RATIOS UNDER THE LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposed Acquisition (pursuant to Rule 10.02(g) of the Listing Requirements) on the date of signing of the Term Sheet (i.e. 12 July 2024) is approximately 70.73%, calculated based on our Group's latest audited consolidated financial statements for the FYE 31 December 2023.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of RGTECH Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular from October 2023 to September 2024 are as follows:-

	High (RM)	Low (RM)
<u>2023</u>		
October	0.325	0.301
November	0.32	0.306
December	0.311	0.301
<u>2024</u>		
January	0.311	0.286
February	0.296	0.276
March	0.375	0.286
April	0.37	0.31
May	0.385	0.325
June	0.375	0.335
July	0.42	0.355
August	0.405	0.33
September	0.385	0.33
Last transacted market price of RGTECH Shares as at 6 September 2024, being the last trading date prior to the announcement of the Proposed Acquisition (RM)		0.38
Last transacted market price of RGTECH Shares as at the LPD (RM)		0.34

(Source: Bloomberg)

9. APPROVALS REQUIRED/OBTAINED AND CONDITIONALITY OF THE PROPOSED ACQUISITION

The Proposed Acquisition is subject to the following approvals:-

- (i) Bursa Securities, for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities.

The approval of Bursa Securities was obtained vide its letter dated 17 October 2024 and is subject to the following conditions:-

Condition(s)	Status of compliance
(a) RGTECH and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;	To be complied

Condition(s)	Status of compliance
(b) RGTECH and UOBKH to inform Bursa Securities upon the completion of the Proposed Acquisition;	To be complied
(c) RGTECH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed;	To be complied
(d) Compliance by RGTECH with the public shareholding spread upon completion of the Proposed Acquisition. In this connection, UOBKH is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, prior to the allotment and issuance of the Consideration Shares; and	To be complied
(e) RGTECH to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in a general meeting approving the proposed Acquisition.	To be complied

- (ii) our shareholders at the forthcoming EGM; and
- (iii) any other relevant authority, 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 our Company.

10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Pre-Acquisition Restructuring (which is to be undertaken by Rymnet prior to the completion of the Proposed Acquisition) and the Proposed Acquisition (which is the subject matter of this Circular), there are no other outstanding proposals announced by us but have yet to be completed as at the date of this Circular.

For information purposes, we have not undertaken any equity fund raising exercises during the preceding 12 months from 9 September 2024, being the date of the announcement of the Proposed Acquisition.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

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

12. DIRECTORS' STATEMENT/ RECOMMENDATION

Our Board having considered all aspects of the Proposed Acquisition, including but not limited to the terms of the SPA, rationale and justification of the Proposed Acquisition, and the financial effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution in relation to the Proposed Acquisition to be tabled at the forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Acquisition is expected to be completed by the 4th quarter of 2024.

The tentative timetable in relation to the Proposed Acquisition is set out below:-

Timeline	Events
28 November 2024	<ul style="list-style-type: none">• EGM• Fulfilment of conditions precedent in respect of the SPA
End November	<ul style="list-style-type: none">• Listing of the Consideration Shares on the ACE Market of Bursa Securities• Completion of the Proposed Acquisition

14. EGM

Our Company's forthcoming EGM, the notice of which is enclosed in this Circular, will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 November 2024, at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution pertaining to the Proposed Acquisition, with or without modifications, the resolution to give effect to the Proposed Acquisition.

If you are unable to participate in the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) must be deposited at the office of the Share Registrar of our Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronically lodged via Tricor Investor & Issuing House Services Sdn Bhd online website at <https://tiih.online> not less than forty-eight (48) hours before the time for holding the EGM or adjourned meeting as the case may be. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

15. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for further information.

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

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:-

1. PURCHASE CONSIDERATION

- (a) Subject to the terms and conditions in the SPA, the Vendor hereby agrees to sell, and RGTECH hereby agrees to purchase the Sale Shares, free from all pledges or liens or any other encumbrances and with all rights now or hereinafter attaching thereto including but without limitation to all bonuses, rights, dividends and distributions declared paid or made in respect thereof as from the date of the SPA at the Purchase Consideration.
- (b) The Vendor represents and warrants to RGTECH that the sale and purchase of the Sale Shares shall be on the following basis and conditions:-
 - (i) Rymnet Group shall possess and continue to possess all necessary approvals, licences and permits, if any, required for carrying out their business from the relevant authorities;
 - (ii) Rymnet SGP shall become and remain as the subsidiary of Rymnet after the completion of the sale and transfer of the shares in Rymnet SGP by the Vendor to Rymnet for the Agreed Consideration (as defined in clause 2(a) below);
 - (iii) The NA of Rymnet Group on a consolidated basis as at the date of completion of the SPA shall not be less than the sum of RM3.00 million after the distribution of the Dividend Payment (as defined in clause 2(b) below). In the event the NA of Rymnet Group is less than the sum of RM3.00 million following the distribution of the Dividend Payment, the Purchase Consideration shall be subject to a downward adjustment in a manner as set out below in clause 1(c) of the SPA;
 - (iv) Save as expressly agreed herein on the Dividend Payment, there shall be no dividend payout to the existing shareholders or reduction of the NTA of Rymnet Group before the completion of the Proposed Acquisition; and
 - (v) Rymnet Group remain as a going concern.
- (c) Without prejudice to all other rights and remedies of the Vendor, the Parties agree that the Purchase Consideration shall be subject to a downward adjustment on a basis mutually agreed in writing between the Parties in the event the due diligence exercise shall reveal any material adverse deviations from the basis of acquisition of the Sale Shares as stated in clause 1(b) above.

2. PRE-ACQUISITION RESTRUCTURING

- (a) The Parties hereby agree that with the acknowledgement and approval from RGTECH, the Vendor shall be entitled to cause Rymnet to acquire all 10,000 ordinary shares in Rymnet SGP from the Vendor based on the NTA in the AFS of Rymnet SGP as at the FYE 31 December 2023 which shall represent an amount equivalent to the NTA value (in Singapore Dollar, which will be converted to Ringgit Malaysia) in AFS of Rymnet SGP as at the FYE 31 December 2023 which will be due and payable by Rymnet to the Vendor at the completion of the permitted acquisition of ordinary shares in Rymnet SGP, in any event prior to the Completion Date (as defined herein below).

SALIENT TERMS OF THE SPA (CONT'D)

- (b) With the acknowledgement and approval from RGTECH and prior to completion of the Sale Shares in accordance with the SPA, the Vendor shall be entitled to cause Rymnet to declare and the Vendor shall accordingly be entitled to receive a sum of RM7.50 million as dividends from Rymnet and the Agreed Consideration provided always that the Dividend Payment and the Agreed Consideration will not affect Rymnet Group's operational cash flow and there will be at least an aggregate cash sum of RM2.50 million remaining in Rymnet Group after the Dividend Payment and payment of the Agreed Consideration. For the avoidance of doubt, the Vendor shall have the right to either receive the Dividend Payment or Agreed Consideration or both, provided that the total of both Dividend Payment and the Agreed Consideration will collectively not exceed RM7.50 million.

3. CONDITIONS PRECEDENT

- (a) Notwithstanding anything to the contrary in the SPA, completion of the sale and purchase of the Sale Shares is conditional upon the following conditions being satisfied within a period of 90 days from the date of the SPA or within such further period as may be mutually agreed upon by the parties in writing ("**CP Period**"), namely:-
- (i) RGTECH having completed a due diligence exercise on Rymnet Group (including financial, legal, operational and/or tax due diligence) and the findings thereof being satisfactory to RGTECH;
 - (ii) resolution of any issues arising from the findings of the due diligence exercise to the mutual benefit of the Parties;
 - (iii) the approval of the shareholders of RGTECH at an EGM to be convened for the Proposed Acquisition and for the issuance of the Consideration Shares;
 - (iv) the approval from Bursa Securities and any other relevant authority (if any) for the issuance and listing of the Consideration Shares on the ACE Market of Bursa Securities;
 - (v) subject to the satisfaction of the conditions precedent stipulated in items (i) to (iv) above, the Vendor completing the Pre-Acquisition Restructuring;
 - (vi) the approval or waiver of any regulatory requirement by any other relevant authorities, if any required by law;
- (each items (iii)-(vi), an "**Approval**" and collectively, "**Approvals**");
- (vii) upon the completion of the Pre-Acquisition Restructuring, the Vendor, RGTECH, Paul Wong and Jeff Tan shall execute in escrow a Shareholders' Agreement substantially in the form attached in the SPA;
 - (viii) the execution in escrow of the executive service agreements by the Key Personnel in such form and substance acceptable to RGTECH subject to the Key Personnel agreeing to the terms and conditions containing therein; and
 - (ix) such other conditions as may be advised by RGTECH's solicitors and principal adviser as necessary or mandatory for purposes of completing the transfer of the Sale Shares.
- (b) If required, the Vendor hereby undertakes to provide all the information necessary for inclusion in the announcement to shareholders to be issued by RGTECH in accordance with the requirements of the ACE Market Listing Requirements of Bursa Securities.

SALIENT TERMS OF THE SPA (CONT'D)

- (c) Unless otherwise agreed by the parties hereto in writing, this SPA shall become unconditional upon:-
- (i) the Approvals being satisfied, or not required by law or waived by RGTECH, or if conditions have been imposed in respect of any of the Approvals, such conditions are acceptable to the parties hereto, or upon the conditions to the approvals of the Authorities having been modified to the acceptance of and notified in accordance with the terms of the SPA;
 - (ii) all the other conditions precedent stipulated above have been satisfied in accordance with the terms hereof; and
 - (iii) RGTECH's Solicitors, pursuant to the written request of both RGTECH and the Vendor, issuing a written confirmation in respect of satisfaction of the matters referred to in item (i) and (ii) above,
- the date of the RGTECH's Solicitors' written confirmation shall be the "**Unconditional Date**".

4. PAYMENT TERMS

- (a) RGTECH shall pay the Purchase Consideration to the Vendor in the following manner:-
- (i) an Initial Payment of RM42.50 million shall be paid by RGTECH to the Vendor as follows:-
 - (1) within 7 market days from the Unconditional Date, a sum of RM12.50 million by way of cash payment; and
 - (2) within 90 days from the Unconditional Date or such additional period as may be required for the drawdown of the RGTECH's loan (provided that the letter of offer in respect of the RGTECH's loan has been secured within the agreed 90 days from the Unconditional Date) or a further date mutually agreed by the parties:-
 - a. pay a sum of RM20.00 million by way of cash payment ("**Second Cash Payment**"); and
 - b. issue and allot to the Vendor the Consideration Shares representing a sum of RM10.00 million.
 - (ii) The remaining balance sum of RM10.00 million shall be retained by RGTECH as Retention Sum and subject to and in the manner set out in clause 5 below, shall be paid out to the Vendor over a two (2) year period as follows:-
 - (1) a sum of RM5.00 million from the Retention Sum shall be paid to the Vendor within 15 days after the issuance of the consolidated AFS of Rymnet Group for FYE 31 December 2024; and
 - (2) a remaining balance of the Retention Sum being the sum of RM5.00 million shall be paid to the Vendor within 15 days after the issuance of the consolidated AFS of Rymnet Group for FYE 31 December 2025.
- (b) Completion of the sale of the Sale Shares shall be effected upon the terms and conditions contained in clause 6 below.

SALIENT TERMS OF THE SPA (CONT'D)

5. PROFIT GUARANTEE

- (a) For the purpose of assuring to RGTECH the full benefit of the business and goodwill of Rymnet, and as part of the inducement to RGTECH to purchase the Sale Shares and enter into the SPA, notwithstanding the completion of the sale and purchase of shares herein, the Vendor hereby guarantees to RGTECH that Rymnet shall achieve the following:-
- (i) an Adjusted PAT (as defined in clause 5(g) below) of RM5.00 million for the FYE 31 December 2024; and
 - (ii) an Adjusted PAT of RM6.00 million for the FYE 31 December 2025;
- aggregating a guaranteed PAT RM11.00 million for the Guarantee Period to be achieved by Rymnet Group and which form part of the basis of the Purchase Consideration.
- (b) Save as otherwise agreed in writing by the parties, RGTECH shall not be required to provide any financial support to Rymnet Group to assist in the achievement of the Accumulated Profit Guarantee. The Accumulated Profit Guarantee shall survive the completion of the sale and purchase of the Sale Shares under the SPA.
- (c) The Parties agree that if there is any surplus from the amount for Year 1 Guaranteed PAT, such surplus shall be carried forward to and deemed as amount for the Year 2 Guaranteed PAT and RGTECH shall pay in full the Year 1 Retention Sum to the Vendor. The Parties further agree that for purposes of calculating the Year 2 Guaranteed PAT, the Vendor shall be required to generate the difference, if any, between the Year 2 Guaranteed PAT and the surplus carried forward from Year 1 Guaranteed PAT in order to achieve the Year 2 Guaranteed PAT, in which case the Year 2 Retention Sum shall be paid and released by RGTECH to the Vendor.
- (d) Any shortfall amount of the Year 1 Guaranteed PAT shall be withheld by RGTECH from payment of the Year 1 Retention Sum and such shortfall shall be carried forward to the Year 2 Guaranteed PAT. If the Year 2 Guaranteed PAT together with any carried-forward shortfall from Year 1 Guaranteed PAT, are achieved, the Vendor shall be entitled to the amount withheld by RGTECH from the Year 1 Retention Sum together with the release of the Year 2 Retention Sum.
- (e) If Rymnet fails to achieve the Accumulated Profit Guarantee by the end of Year 2 Guaranteed PAT, 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 item (h) below and the balance of the Retention Sum after making good such shortfall shall be paid by RGTECH to the Vendor within 15 days from the date of AFS of Rymnet for FYE 31 December 2025. For avoidance of doubt, the Parties agree that part of the Retention Sum withheld to make good the shortfall of the Accumulated Profit Guarantee shall be deemed payment by the Vendor, who shall not be liable for any other payment towards such shortfall.
- (f) If there is any accumulated losses for FYE 31 December 2024 and FYE 31 December 2025, the Vendor shall be liable to pay for such accumulated loss within 15 days from the issuance of consolidated AFS of Rymnet for FYE 31 December 2025.

SALIENT TERMS OF THE SPA (CONT'D)

- (g) The formula for the calculation of the Retention Sum to be released to the Vendor shall be as follows:-

- (i) 1st Year Payment:

$$\left(\frac{\text{1st Year Adjusted PAT}}{\text{Year 1 Guaranteed PAT}} \right) \times \text{1st Year Retention Sum}$$

- (ii) 2nd Year Payment:

$$\left(\frac{\text{Total 2 Years Adjusted PAT}}{\text{Accumulated Profit Guarantee}} \right) \times \text{total Retention Sum} - (\text{1st Year Payment})$$

For the avoidance of doubt, if the Adjusted PAT exceeds the Accumulated Profit Guarantee, the maximum amount payable for the Accumulated Profit Guarantee shall be the Retention Sum.

- (h) Notwithstanding the Overdue Debts are added back to the calculation of the Adjusted PAT for purpose of the Accumulated Profit Guarantee, the Vendor shall guarantee the recoverability of any Overdue Debts that were incurred or arisen within the Guarantee Period, which any Overdue Debts shall subsequently become irrecoverable within the prescribed period of 18 months from the date of invoice, such Overdue Debts will become bad debts in which case, the Vendor shall pay to Rymnet the amount of the Overdue Debts within 15 days from the date that the said Overdue Debts have been recognised as "bad debts" PROVIDED ALWAYS THAT in the event the Overdue Debts are recovered by the Vendor on behalf of Rymnet Group, such sum of the Overdue Debts recovered and receipt by Rymnet Group, Rymnet shall refund and RGTECH shall cause Rymnet to refund to the Vendor the equivalent amount paid by the Vendor earlier.

6. COMPLETION

- (a) Unless otherwise agreed by the parties hereto in writing, the completion of the sale and purchase of the Sale Shares shall take place on a market day not later than 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 in respect of RGTECH's loan has been secured within the agreed 90 days from the Unconditional Date or a further date mutually agreed by the parties ("**Completion Date**"), whereby on the Completion Date, PROVIDED ALWAYS THAT the Vendor has received the Initial Payment as stipulated in the SPA:-
- (i) RGTECH's Solicitors shall release the stakeholder documents to RGTECH, and RGTECH is authorised to complete all the blanks and insert the Completion Date on the stakeholder documents (where applicable) and thereafter to cause the same to be registered or effected;
 - (ii) the Vendor shall furnish to RGTECH documentary proof that the 1 ordinary share held by Un Sze Shen in Rymnet has been transferred to the Vendor;
 - (iii) the Vendor shall furnish to RGTECH documentary proof that the Vendor has transferred his 4,000 ordinary shares in Rymnet to Paul Wong and his 5,000 ordinary shares in Rymnet to Jeff Tan;
 - (iv) the parties shall cause the Shareholders' Agreement to come into effect by affixing the Completion Date as the effective date of the Shareholders' Agreement; and

SALIENT TERMS OF THE SPA (CONT'D)

- (v) the executive service agreements entered between RGTECH and the Key Personnel shall come into effect by affixing the Completion Date as the effective date of the executive service agreements.
- (b) If in any respect the provisions of clause 6(a) above shall not have been complied with on the Completion Date when RGTECH has paid the Second Cash Payment and issued and allotted the Consideration Shares to the Vendor, RGTECH may at its absolute discretion (without prejudice to its rights to claim damages or any other rights and remedies whatsoever under the SPA) proceed to completion so far as practicable or terminate the SPA forthwith by notice in writing pursuant to the term of the SPA.
- (c) Notwithstanding the foregoing provisions, RGTECH shall not be obliged to complete the sale and purchase of the Sale Shares unless the representations, warranties and undertakings of the Vendor have been complied with and remain true and correct in all respects as at the Completion Date.

7. MORATORIUM

- (a) The parties agree that upon the Vendor's receipt of the Consideration Shares from RGTECH in accordance with the SPA, the Consideration Shares shall be subject to the following moratorium:-
 - (i) at any time from the date of issuance up to the first anniversary thereof, 50% of Consideration Shares shall be subject to moratorium;
 - (ii) at any time after the first anniversary date up to the second anniversary date, 20% of Consideration Shares shall be subject to moratorium; and
 - (iii) after the second anniversary date, there shall be no moratorium imposed on any part of the Consideration Shares.

The Consideration Shares subject to the moratorium shall be referred to as "**Moratorium Shares**".

- (b) Save as permitted in this clause, 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.
- (c) 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.

8. NON-COMPETE

- (a) The Vendor hereby undertakes that for a period of 5 years following the completion of the sale and purchase of the Sale Shares or from him ceasing to be a shareholder of Rymnet, whichever is later:-
 - (i) the Vendor shall not directly or indirectly engage, participate, or be involved in any business or activity that competes with the business of Rymnet, whether as an owner, shareholder, partner, employee, consultant, advisor or in any other capacity, within Malaysia and Singapore where Rymnet conducts its business operations;

SALIENT TERMS OF THE SPA (CONT'D)

- (ii) the Vendor shall not either on its own account or in conjunction with or on behalf of any other person, firm or Rymnet solicit or entice away or attempt to solicit or entice away from Rymnet the custom of any person, firm, Rymnet or organisation who shall at any time within 2 years prior to the date hereof have been a customer, client, identified prospective customer or client or agent of Rymnet; and
- (iii) the Vendor shall not either on its own account or in conjunction with or on behalf of any other person, firm or Rymnet employ, solicit or entice away or attempt to employ, solicit or entice away from Rymnet any person who is at the date hereof or who has been at the date hereof or within 2 years prior to any purported breach of this provision an officer, manager, consultant or employee of Rymnet whether or not such person would commit a breach of contract by reason of leaving such employment.

9. LIMITATION OF LIABILITY

- (a) The Vendor's liability for breach of the representations, warranties and the indemnities in this SPA shall be subject to the following:-
 - (i) any claims against the Vendor for general liabilities, indemnities, and warranties must be made within 3 years from the Completion Date;
 - (ii) any claims against the Vendor for any tax liabilities and tax indemnities must be made within a period 7 years from the Completion Date; and
 - (iii) that the quantum of any liability arising from the Warranties and indemnities herein shall be limited to a sum representing 25% of the Consideration.
- (b) Nothing in this clause has the effect of limiting or restricting any liability of the Vendor in respect of any claims under the representations, warranties and indemnity arising and/or accruing as a result of any fraud by the Vendor or his agents.

10. TERMINATION

- (a) In addition but not in derogation to other provisions of the SPA, on the occurrence of any of the events set out below with respect to a party ("**Defaulting Party**"), the other party ("**Non-Defaulting Party**") may give notice in writing to the Defaulting Party specifying the relevant event or events and requiring the Defaulting Party to remedy the same (if capable of remedy) within 14 days of the receipt of such notice, or such other period as may be agreed between the parties. The events are:-
 - (i) Breach

The Defaulting Party has committed a material breach of any term or condition, including any representation and warranty, of the SPA or if he/it fails to perform or observe any material undertaking, obligation or agreement expressed or implied in the SPA;
 - (ii) Receiver / Special Administrator

A receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of the Defaulting Party or Rymnet;

SALIENT TERMS OF THE SPA (CONT'D)

(iii) Insolvency/Bankruptcy

The Defaulting Party, where the Defaulting Party is Rymnet SGP, or Rymnet SGP, is or becomes unable to pay its debts when they are due or becomes unable to pay its debts within the meaning of the Companies Act 2016, or in the case where the Defaulting Party is an individual, the Defaulting Party is declared a bankrupt within the meaning of the Insolvency Act 1967;

(iv) Arrangements

The Defaulting Party or Rymnet enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

(v) Winding Up

An application or order is made for the winding up or dissolution of the Defaulting Party or Rymnet or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the Defaulting Party or Rymnet otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Non-Defaulting Party;

(vi) Cessation of Business

The Defaulting Party or Rymnet ceases or threatens to cease carrying on all or a substantial portion of its business.

- (b) The Vendor and RGTECH shall within 7 days after notice has been given under clause 10(a) above, meet to discuss the event or events giving rise to the notice with a view to the Defaulting Party or Rymnet (where appropriate) remedying the event. In the event that the breach is not remedied within 14 days of the Non-Defaulting Party having given notice under item (a) or such other period as the parties may mutually agree, the SPA shall be terminated forthwith without any requirement or need for the Non-Defaulting Party to give any further notice or reasons therefor.
- (c) Upon the termination of this SPA under clause 10(b) above, this SPA shall be null and void and none of the parties hereto shall have any claim against each other save for any antecedent breach and any documents including the stakeholder documents if the same have been delivered shall be returned to the Vendor with the Vendor's interest remaining intact.
- (d) In the alternative, any party hereto shall be entitled to the rights of specific performance against the other under the provisions of this SPA and it is hereby mutually agreed that in the event of any party hereto exercising its right to specific performance of this SPA, an alternative remedy of monetary compensation shall not be regarded as sufficient compensation for the other party's default in the performance of the terms and conditions of this SPA.

INFORMATION ON RYMNET GROUP

1. BACKGROUND INFORMATION ON RYMNET

Rymnet (Registration No.: 200301033025 (635446-H)) was incorporated in Malaysia under the Companies Act 1965 on 27 November 2003 as a private limited company under the name Sourcenet Consulting Sdn Bhd and is deemed registered under the Act. 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 SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

Rymnet commenced its business on 27 November 2003 specialising in integrated HR management solutions with established track record of serving over 200 clients in various industries from SMEs to enterprise-sized companies and conglomerates with diverse earnings profiles and financial position profiles (majority of which may command at least RM0.50 million in earnings). 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.

As at the LPD, Rymnet offers comprehensive HR Administration and Talent Management modules which is a centralised platform designed to streamline its customers' HR processes into a single integrated system. Rymnet was also the pioneer in establishing HR management Cloud and mobile solutions in Malaysia. Backed by a team with over 30 years of expertise in HR Management Systems, the company ventured into cloud-based platforms in 2011 and has since assisted numerous clients in transitioning and mobilising their HR systems to the cloud.

The principal market of Rymnet's products is Malaysia, where Rymnet generates more than 99% of its revenue for the FYE 31 December 2020 up to the FYE 31 December 2023. Rymnet's revenue by geographical location is illustrated in the table below:-

	FYE 31 December							
	2020		2021		2022		2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	3,873	99.74	6,765	99.85	9,167	99.90	13,062	99.81
Overseas	10	0.26	10	0.15	9	0.10	25	0.19
Total revenue	3,883	100.00	6,775	100.00	9,176	100.00	13,087	100.00

It should be noted that Rymnet's HR management solutions are developed in-house and are proprietary to the company. However, Rymnet also sources its other solutions, primarily from both local suppliers in Malaysia and international providers (including leading software solution providers and major technology companies based in the United States of America). The geographical breakdown for Rymnet's purchases are set out in the table below:-

	FYE 31 December							
	2020		2021		2022		2023	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	119	99.17	563	95.10	412	79.23	927	88.45
Overseas	1	0.83	29	4.90	108	20.77	121	11.55
Total	120	100.00	592	100.00	520	100.00	1,048	100.00

2. SHARE CAPITAL

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

INFORMATION ON RYMNET GROUP (CONT'D)

3. DIRECTORS AND SHAREHOLDERS

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

	Designation	Nationality	Shareholdings as at the LPD			
			Direct		Indirect	
			No. of Rymnet Shares	%	No. of Rymnet Shares	%
Un Sze Hau	Chief Executive Officer	Malaysian	99,999	100.00	⁽¹⁾ 1	^
Un Sze Shen	Sales Manager	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 and subsequently transfer 4,000 Rymnet Shares to Paul Wong and 5,000 Rymnet Shares to Jeff Tan (collectively referred to as “**Shares Transfer**”). Upon completion of the Shares Transfer, the Directors and shareholders of Rymnet and their respective shareholdings in Rymnet are set out as follows:-

	Designation	Nationality	Shareholdings			
			Direct		Indirect	
			No. of Rymnet Shares	%	No. of Rymnet Shares	%
<u>Director and shareholder</u> Un Sze Hau	Chief Executive Officer	Malaysian	91,000	91.00	-	-
<u>Shareholders</u> Paul Wong	Chief Customer Officer	Malaysian	4,000	4.00	-	-
Jeff Tan	Chief Software Engineer	Malaysian	5,000	5.00	-	-

4. INFORMATION ON RYMNET GROUP

As part a conditions precedent of the SPA, the Vendor is required to complete the Pre-Acquisition Restructuring prior to the completion of the Proposed Acquisition. The Pre-Acquisition Restructuring will result in Rymnet SGP becoming a wholly-owned subsidiary of Rymnet.

INFORMATION ON RYMNET GROUP (CONT'D)

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	22 March 2017 (Singapore)	SGD10,000.00 (equivalent to approximately RM32,757 as at the LPD) comprising 10,000 shares	100.00	Selling and distribution of payroll software including human resources services.

Rymnet Group does not have any other subsidiaries or associates as at the LPD.

5. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of Rymnet based on its audited financial statements for the past 4 financial years up to the FYE 31 December 2023 are as follows:-

	Audited FYE 31 December			
	2020 (RM)	2021 (RM)	2022 (RM)	2023 (RM)
Revenue	3,882,743	6,774,501	9,175,584	13,087,183
PBT	912,299	2,957,344	3,863,567	5,341,594
PAT	915,873	2,213,866	2,863,929	4,170,670
Share capital	100,000	100,000	100,000	100,000
Shareholders' equity/ NA	2,196,309	4,310,175	6,674,104	9,844,774
Cash and cash equivalents	1,244,857	2,445,913	5,761,902	9,093,827
Total borrowings	-	-	-	-
No. of Rymnet Shares in issue	100,000	100,000	100,000	100,000
EPS (RM)	9.16	22.14	28.64	41.71
NA per Rymnet Share (RM)	21.96	43.10	66.74	98.45
Current ratio (times)	2.63	3.80	3.20	2.38
Gearing ratio (times)	N/A	N/A	N/A	N/A

Note:-

N/A Not applicable.

Based on the information provided by the Vendor and for illustrative purposes only, a summary of the pro forma consolidated financial information of Rymnet Group (assuming the current Rymnet Group structure was formed since the FYE 31 December 2020 up to the FYE 31 December 2024) have been prepared and are as follows:-

	FYE 31 December			
	2020 (RM)	2021 (RM)	2022 (RM)	2023 (RM)
Revenue	3,917,791	6,819,807	9,589,294	13,819,099
PBT	935,388	2,987,898	4,135,934	5,771,675
PAT	937,500	2,243,092	3,114,460	4,583,491

INFORMATION ON RYMNET GROUP (CONT'D)

	FYE 31 December			
	2020 (RM)	2021 (RM)	2022 (RM)	2023 (RM)
Share capital	100,000	100,000	100,000	100,000
Shareholders' equity/ NA	2,290,170	4,434,436	7,050,661	10,702,321
Cash and cash equivalents	1,387,018	2,601,445	6,193,823	10,110,602
Total borrowings	-	-	-	-
No. of Rymnet Shares in issue	100,000	100,000	100,000	100,000
EPS (RM)	9.38	22.43	31.14	45.83
NA per Rymnet Share (RM)	22.90	44.34	70.51	107.02
Current ratio (times)	2.63	3.80	3.20	2.38
Gearing ratio (times)	N/A	N/A	N/A	N/A

Commentary on past performance**(a) FYE 31 December 2021**

Rymnet Group recorded revenue of approximately RM6.82 million for the FYE 31 December 2021, representing an increase of approximately 73.98% or RM 2.90 million as compared to the revenue of approximately RM3.92 million recorded in the previous financial year. The increase in revenue was mainly due to:-

- (a) the increased number of adoption of cloud-based systems by retailers, spurred by the shift towards digitalisation due to the various travel restriction orders implemented to curb the spread of COVID-19 pandemic. As a result of the travel restrictions, a large portion of the employees nationwide had to work remotely. This has hence created a significant increase in demand for accessible cloud-based systems and contactless attendance solutions during such period; and
- (b) Rymnet's strategic focus on the retail sector early in 2021, allowing the ease of deployment of its solutions to meet market demands.

In line with the increase in revenue, Rymnet Group recorded a higher PAT of approximately RM2.24 million in the FYE 31 December 2021, representing an increase of approximately 138.30% or RM1.30 million as compared to the PAT of approximately RM0.94 million recorded in the previous financial year.

(b) FYE 31 December 2022

Rymnet Group recorded revenue of approximately RM9.59 million for the FYE 31 December 2022, representing an increase of approximately 40.62% or RM2.77 million as compared to the revenue of approximately RM6.82 million recorded in the previous financial year. The increase in revenue was mainly due to:-

- (a) the increase in the number of subscriptions of Rymnet's human resource management software ("HRMS") solutions and cloud platform during the financial year under review. This is due to the high adoption rate of cloud-based solutions by the customers operating in the retail industry as they shift towards the digitalisation of their operation process; and
- (b) the one-off fee charged to new customers for the initial implementation and delivery of the solutions.

INFORMATION ON RYMNET GROUP (CONT'D)

In line with the increase in revenue, Rymnet Group recorded a higher PAT of approximately RM3.11 million in the FYE 31 December 2022, representing an increase of approximately 38.84% or RM0.87 million as compared to the PAT of approximately RM2.24 million recorded in the previous financial year.

(c) FYE 31 December 2023

Rymnet Group recorded revenue of approximately RM13.82 million for the FYE 31 December 2023, representing an increase of approximately 44.11% or RM4.23 million as compared to the revenue of approximately RM9.59 million recorded in the FYE 31 December 2022. The increase in revenue was mainly driven by the higher value of the subscription contracts in relation to the HRMS solutions, which were primarily secured from enterprise-sized companies and conglomerates with a large employee base.

As a result of Rymnet Group recording a higher revenue in the financial year under review, Rymnet Group recorded a higher PAT of approximately RM4.58 million in the FYE 31 December 2023, representing an increase of approximately 47.27% or RM1.47 million, as compared to the PAT of approximately RM3.11 million recorded in the previous financial year.

6. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by Rymnet Group which upon becoming enforceable, may have a material impact on the financial results or position of Rymnet Group.

7. MATERIAL CONTRACTS

Rymnet Group has not entered into any material contracts (not being contracts entered into in its ordinary course of business) within 2 years immediately preceding the LPD.

8. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of Rymnet Group.

9. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, Rymnet Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of Rymnet Group, and the board of directors of Rymnet does not have any knowledge of any proceeding pending or threatened against Rymnet Group, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of Rymnet Group.

DIRECTORS' REPORT ON RYMNET GROUP



Date: 24 October 2024

The Board of Directors
RADIANT GLOBALTECH BERHAD
 Third Floor, No. 77, 79 & 81
 Jalan SS21/60, Damansara Utama
 47400 Petaling Jaya
 Selangor Darul Ehsan

Dear Sir/Madam,

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

PROPOSED ACQUISITION BY RGTECH OF 80% EQUITY INTEREST IN RYMNET SOLUTIONS SDN BHD ("RYMNET") FOR A TOTAL PURCHASE CONSIDERATION OF RM52.50 MILLION TO BE FULLY SATISFIED VIA A COMBINATION OF CASH CONSIDERATION AND ISSUANCE OF 30,303,000 NEW ORDINARY SHARES IN RGTECH ("PROPOSED ACQUISITION")

On behalf of the board of directors of Rymnet and Rymnet Solutions Pte Ltd ("**Rymnet SGP**") ("**Board**"), we wish to report that after making due enquiries during the period between 31 December 2023, being the date on which the last audited financial statements of Rymnet and the last unaudited financial statements of Rymnet SGP have been made up, and the date hereof, being a date not earlier than 14 days prior to the date of the circular to the shareholders of RGTECH in relation to the Proposed Acquisition, that:-

- (i) the business of Rymnet and Rymnet SGP, in the opinion of the Board, has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of Rymnet and the last unaudited financial statements of Rymnet SGP which have adversely affected the trading or the value of the assets of Rymnet;
- (iii) the current assets of Rymnet and Rymnet SGP appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by Rymnet and Rymnet SGP;
- (v) there have been no default or any know event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by Rymnet and Rymnet SGP since the last audited financial statements of Rymnet and the last unaudited financial statements of Rymnet SGP; and
- (vi) there have been no material changes to the published reserves or any unusual factors affecting the financial performance of Rymnet and Rymnet SGP since the last audited financial statements of Rymnet and the last unaudited financial statements of Rymnet SGP.

Yours faithfully,
 For and on behalf of
RYMNET SOLUTIONS SDN BHD

Un Sze Hau
 Chief Executive Officer

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

(Incorporated in Malaysia)

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2023

WILLIAM C. H. TAN & ASSOCIATES

CHARTERED ACCOUNTANTS

**No. 79, 1st & 2nd Floor, Jalan SS21/60
Damansara Utama, 47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia**

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

(Incorporated in Malaysia)

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AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Un Sze Hau

Un Sze Shen

SECRETARIES

Tea Sor Hua (MACS 01324)

Chieng Meei Tsong (MAICSA 7040364)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81

Jalan SS21/60, Damansara Utama

47400 Petaling Jaya

Selangor Darul Ehsan

Malaysia

PRINCIPAL PLACE OF BUSINESS

Level 7, Block A13, Jaya One

Jalan Profesor Diraja Ungku Aziz

46200 Petaling Jaya

Selangor Darul Ehsan

Malaysia

PRINCIPAL FINANCIAL INSTITUTIONS

Affin Bank Berhad

CIMB Bank Berhad

Public Bank Berhad

RHB Bank Berhad

AUDITORS

William C. H. Tan & Associates

AF 0743

Chartered Accountants

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITY

The Company is principally engaged in the provision of IT services, computer software programming and products, human resource management software and application programming, and computer human resource management software consultancy and training.

RESULTS

RM

Profit for the financial year	<u>4,170,670</u>
-------------------------------	------------------

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

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividends declared or paid by the Company were as follows:

RM

In respect of the financial year ended 31 December 2022:

First interim single-tier dividend of RM5.00 on 100,000 ordinary shares, paid on 31 January 2022.	<u>500,000</u>
--	----------------

In respect of the financial year ended 31 December 2023:

First interim single-tier dividend of RM10.00 on 100,000 ordinary shares, paid on 21 July 2023.	<u>1,000,000</u>
--	------------------

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2023.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

DIRECTORS' REPORT - (CONTINUED)

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Un Sze Hau
Un Sze Shen

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company with any 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.

DIRECTORS' INTEREST IN SHARES

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the directors who held office at the end of the financial year held any shares in the Company during the financial year except as follows:

	Number of ordinary shares			
	Balance as at beginning of the financial year	Acquired	Transferred	Balance as at end of the financial year
The Company - Direct interest				
Un Sze Hau	99,999	-	-	99,999
Un Sze Shen	1	-	-	1

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 10 to the financial statements.

ISSUE OF SHARES

During the financial year, there was no issue of shares.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

DIRECTORS' REPORT - (CONTINUED)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

DIRECTORS' REPORT - (CONTINUED)**INDEMNITY AND INSURANCE COST**

There was no indemnity given to or insurance effected for the directors, officers or auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 11 to the financial statements.

SUBSEQUENT EVENT

Subsequent event is as disclosed in Note 25 to the financial statements.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

DIRECTORS' REPORT - (CONTINUED)

AUDITORS

Messrs. William C. H. Tan & Associates have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors:

Un Sze Hau



Un Sze Shen



Dated: 28 MAY 2024
Petaling Jaya

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

STATEMENT BY DIRECTORS**Pursuant to Section 251(2) of the Companies Act 2016**

We, Un Sze Hau and Un Sze Shen, being two directors of **RYMNET SOLUTIONS SDN. BHD.** do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 12 to 38 are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 Company as at 31 December 2023 and of its financial performance and the cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors:


Un Sze Hau

Un Sze Shen


Dated: 28 MAY 2024
Petaling Jaya

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

I, Un Sze Hau, being the director primarily responsible for the financial management of **RYMNET SOLUTIONS SDN. BHD.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 38 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at PETALING JAYA)
SELANGOR)

this day of 28 MAY 2024)


UN SZE HAU

Before me,



No. 61B, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)


WILLIAM C. H. TAN & ASSOCIATES
CHARTERED ACCOUNTANTS

No. 79, 1st & 2nd Floor
 Jalan SS21/60, Damansara Utama
 47400 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia

Firm No.: AF 0743
 Tel No.: 03-7728 4778
 Fax No.: 03-7726 6182
 audit@wta.com.my

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

(Incorporated in Malaysia)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
 RYMNET SOLUTIONS SDN. BHD.**
Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of **RYMNET SOLUTIONS SDN. BHD.**, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 38.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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 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.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)
WILLIAM C. H. TAN & ASSOCIATES
CHARTERED ACCOUNTANTS

No. 79, 1st & 2nd Floor
 Jalan SS21/60, Damansara Utama
 47400 Petaling Jaya
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RYMNET SOLUTIONS SDN. BHD.

(Incorporated in Malaysia)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
 RYMNET SOLUTIONS SDN. BHD. - (CONTINUED)**
Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)
WILLIAM C. H. TAN & ASSOCIATES
CHARTERED ACCOUNTANTS

No. 79, 1st & 2nd Floor
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RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
 RYMNET SOLUTIONS SDN. BHD. - (CONTINUED)**
Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 internal controls of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 ability of the Company 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 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 Company to cease to continue as a going concern.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)
WILLIAM C. H. TAN & ASSOCIATES
CHARTERED ACCOUNTANTS

No. 79, 1st & 2nd Floor
 Jalan SS21/60, Damansara Utama
 47400 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia

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 Tel No.: 03-7728 4778
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 audit@wta.com.my

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

(Incorporated in Malaysia)

11

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
 RYMNET SOLUTIONS SDN. BHD. - (CONTINUED)**
Auditors' Responsibilities for the Audit of the Financial Statements - (Continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

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.

WILLIAM C. H. TAN & ASSOCIATES
NO. AF: 0743
Chartered Accountants

LEE LAI HSENG
NO.: 03779/08/2025 J
Chartered Accountant

Dated: **28 MAY 2024**
 Petaling Jaya

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	NOTE	2023 RM	2022 RM
Revenue	6	13,087,183	9,175,584
Cost of sales		<u>(1,048,268)</u>	<u>(520,115)</u>
Gross profit		12,038,915	8,655,469
Other income	7	161,500	155,336
Administrative expenses		(6,376,585)	(4,372,112)
Marketing and distribution expenses		(291,302)	(271,288)
Other operating expenses		(184,005)	(294,209)
Finance cost	8	<u>(6,929)</u>	<u>(9,629)</u>
Profit before tax	11	5,341,594	3,863,567
Taxation	12	<u>(1,170,924)</u>	<u>(999,638)</u>
Profit for the financial year, representing total comprehensive income for the financial year		<u><u>4,170,670</u></u>	<u><u>2,863,929</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

13

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	NOTE	2023 RM	2022 RM
Assets			
Non-current asset			
Plant and equipment	13	287,932	305,851
Current assets			
Trade and other receivables	14	7,121,368	3,709,750
Prepayments	15	41,250	4,670
Current tax assets		356,906	-
Cash and cash equivalents	16	9,093,827	5,761,902
Total current assets		<u>16,613,351</u>	<u>9,476,322</u>
Total assets		<u>16,901,283</u>	<u>9,782,173</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	17	6,910,907	2,600,638
Lease liabilities	18	73,541	70,735
Current tax liabilities		-	291,094
Total current liabilities		<u>6,984,448</u>	<u>2,962,467</u>
Net current assets		9,628,903	6,513,855
Non-current liability			
Lease liabilities	18	72,061	145,602
Total liabilities		<u>7,056,509</u>	<u>3,108,069</u>
Equity attributable to owners of the Company			
Share capital	20	100,000	100,000
Retained earnings		9,744,774	6,574,104
Total equity		<u>9,844,774</u>	<u>6,674,104</u>
Total equity and liabilities		<u>16,901,283</u>	<u>9,782,173</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		<i>← Attributable to Owners of the Company →</i>		Equity attributable to owners of the Company
	NOTE	Share capital RM	Retained earnings RM	RM
2022				
At 1 January 2022		100,000	4,210,175	4,310,175
Non-owner changes in equity				
Total comprehensive income for the financial year		-	2,863,929	2,863,929
Transaction with owners				
Dividend on ordinary shares	21	-	(500,000)	(500,000)
At 31 December 2022		<u>100,000</u>	<u>6,574,104</u>	<u>6,674,104</u>
2023				
At 1 January 2023		100,000	6,574,104	6,674,104
Non-owner changes in equity				
Total comprehensive income for the financial year		-	4,170,670	4,170,670
Transaction with owners				
Dividend on ordinary shares	21	-	(1,000,000)	(1,000,000)
At 31 December 2023		<u>100,000</u>	<u>9,744,774</u>	<u>9,844,774</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	NOTE	2023 RM	2022 RM
Operating activities			
Profit before tax		5,341,594	3,863,567
Adjustments for:			
Depreciation		88,537	145,401
Fixed deposit interest income		(49,503)	(4,092)
Interest expense on obligations under finance leases		6,929	9,629
		45,963	150,938
Operating profit before changes in working capital		5,387,557	4,014,505
Changes in working capital:			
Increase in receivables		(3,448,198)	(492,300)
Increase in payables		4,310,269	1,158,716
Total changes in working capital		862,071	666,416
Cash generated from operations		6,249,628	4,680,921
Income taxes paid		(1,818,924)	(631,972)
Net cash generated from operating activities		4,430,704	4,048,949
Investing activities			
Acquisition of plant and equipment	13	(70,618)	(159,388)
Fixed deposit interest income		49,503	4,092
Increase in deposits pledged with a licensed bank		(3,007,496)	(304,092)
Net cash used in investing activities		(3,028,611)	(459,388)
Financing activities			
Dividends paid	20	(1,000,000)	(500,000)
Interest expense on obligations under finance leases		(6,929)	(9,629)
Repayment of lease liabilities		(70,735)	(68,035)
Net cash used in financing activities		(1,077,664)	(577,664)
Net increase in cash and cash equivalents		324,429	3,011,897
Cash and cash equivalents at the beginning of the financial year		5,457,810	2,445,913
Cash and cash equivalents at the end of the financial year	16	5,782,239	5,457,810

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

1. CORPORATE INFORMATION

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

The Company is principally engaged in IT services, computer software programming and products, human resource management software and application programming, and computer human resource management software consultancy and training.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on **28 MAY 2024**.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in accordance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the requirements of the Companies Act 2016 in Malaysia.

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realisable value) and fair value bases (which include fair value basis and fair value less costs to sell basis).

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 5.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as plant and equipment when the Company obtains control of the asset. The assets, including motor vehicles, computer equipment, air conditioner, office equipment and furniture and fittings are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Per Annum
Air-conditioner	10%
Computer equipment	20%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10%

At the end of each reporting period, the residual values, useful lives and depreciation methods for the plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current financial period.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.2 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the asset of the Company exceeds its recoverable amount.

At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash flows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash flows, it is tested for impairment together with other assets (including any allocated goodwill) in a cash-generating unit, at the lowest level in which independent cash flows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on:

- (a) price in a binding sale agreement;
- (b) market price traded in an active market; and
- (c) estimate of market price using the best available information.

The value in use is estimated by discounting the future cash flows of the asset or unit to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit, with a reasonable and supportable management's budgets and forecasts of five years or an extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have determined had no impairment loss been recognised previously.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.3 Share Capital and Distributions

The Company classifies and presents an issued financial instrument (or its component parts), on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

(a) Share Capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation:

- (i) to deliver cash or another financial asset; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

The Company establishes a distribution policy whereby cash dividends can only be paid out of retained earnings.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.4 Financial Instruments

(a) Initial Recognition and Measurement

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

A financial instrument financial asset or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for the Company (for a financial liability) or the counterparty (for a financial asset) to the arrangement. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

(b) Subsequent Measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current period or prior periods; and
- (c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- (i) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- (ii) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.4 Financial Instruments - (Continued)

(b) Subsequent Measurement - (Continued)

All financial assets are subject to review for impairment in accordance with Note 4.4(d).

(c) 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 are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

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

(d) Impairment and Uncollectibility of Financial Assets

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include:

- (i) significant difficulty of the issuer or obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payment;
- (iii) granting exceptional concession to a customer;
- (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.4 Financial Instruments - (Continued)

(d) Impairment and Uncollectibility of Financial Assets - (Continued)

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the experience of loss ratio in each class of the Company, taking into consideration current market conditions.

4.5 Finance and Operating Leases

The Company recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

Lessee Accounting

If the Company is a lessee, it capitalises the underlying asset and the related lease liability in a finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

For operating leases, the Company does not capitalise the underlying leased asset or recognise a lease liability. Instead, lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.6 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability or asset is measured at the amount the entity expects to pay or recover using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 or tax loss. The exceptions for initial recognition differences include items of plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor tax taxable profit or tax loss. The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, if the Company does not have a business model to hold the property solely for rental income, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.6 Tax Assets and Tax Liabilities - (Continued)

A current or deferred tax is recognised as income or expenses in profit or loss for the financial period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.7 Employee Benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expenses when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absence (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Bonus payments are recognised when, and only when, the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(b) Defined Contribution Plans

The contributions of the Company to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4.8 Borrowing Cost

Borrowing cost of the Company include interest on finance lease liabilities calculated using the effective interest method. All borrowing cost is recognised as an expense when incurred.

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**NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.9 Revenue Recognition and Other Income

The Company measures revenue from a sale of goods or service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to the customer. For a multiple-element contract with a customer, the fair value of the consideration receivable is allocated to the identifiable elements on the relative stand-alone selling price basis.

(a) Revenue

- (i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of the revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Other Income

All other income are recognised on an accrual basis.

4.10 Fair Value Measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 Judgements and Assumptions Applied

In the selection of accounting policies for the Company, the areas that require significant judgements and assumptions are (a) impairment loss of financial assets and (b) classification of finance and operating leases.

(a) Impairment Loss of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the past experiences of loss statistics of the Company, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the financial position and results of the Company.

(b) Classification of Finance and Operating Leases

The Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Company recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying assets. In applying judgements, the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying assets, the present value of the lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lease. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The area or item that is subject to significant estimation uncertainty of the Company is in the measurement of income taxes.

Measurement of Income Taxes

Significant judgement is required in determining the provision of the Company for current and deferred taxes because the ultimate tax liability is uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over-or under-provision of current or deferred taxes in the current period in which those differences arise.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)****6. REVENUE**

	2023 RM	2022 RM
Sales of cloud subscription	461,156	291,556
Sales of hardware	243,113	162,800
Sales of one time setup fee	5,346,310	4,259,671
Sales of payroll processing services	433,071	377,967
Sales of software services	6,175,830	3,388,290
Sales of software license	35,000	407,200
Sales of yearly maintenance fee	392,703	288,100
Total revenue	<u>13,087,183</u>	<u>9,175,584</u>

7. OTHER INCOME

Included in other income are as follows:

	2023 RM	2022 RM
Fixed deposit interest income	49,503	4,092
Support fee income	<u>88,142</u>	<u>142,366</u>

8. FINANCE COST

	2023 RM	2022 RM
Interest expense on obligations under finance leases	<u>6,929</u>	<u>9,629</u>

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)****9. EMPLOYEE BENEFITS EXPENSE**

	2023 RM	2022 RM
Contributions to defined contribution plan	452,642	311,409
Directors' remuneration (Executive):		
- Salaries and other emoluments	356,269	415,574
- Defined contribution plan	44,050	51,611
Employment insurance system contributions	5,073	3,139
HRDF contributions	34,820	23,220
Salaries, allowances and bonus	4,050,744	2,523,786
Social security contributions	44,397	27,445
Staff welfare	298,202	122,671
Total employee benefits expense	<u>5,286,197</u>	<u>3,478,855</u>

10. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the financial year are as follows:

	2023 RM	2022 RM
Executive:		
Salaries and other emoluments	356,269	415,574
Defined contribution plan	44,050	51,611
Total directors' remuneration	<u>400,319</u>	<u>467,185</u>

11. PROFIT BEFORE TAX

	2023 RM	2022 RM
Profit before tax is arrived at after charging:		
Auditors' remuneration:		
- Current year provision	15,000	15,000
- Over provision in prior years	(1,500)	(1,500)
	13,500	13,500
Material expense		
Employee benefits expense (Note 9)	<u>5,286,197</u>	<u>3,478,855</u>

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)****12. TAXATION**

	2023 RM	2022 RM
Current income tax:		
- Taxes payable in Malaysia	1,232,000	940,000
- (Over)/Under provision in respect of previous years	(61,076)	59,638
Total tax expense for the financial year	<u>1,170,924</u>	<u>999,638</u>
<u>Reconciliation of tax expense</u>		
	2023 RM	2022 RM
Profit before tax	<u>5,341,594</u>	<u>3,863,567</u>
Taxation at statutory rate of 24%	1,281,983	927,256
Effect of expenses not deductible for tax purposes	30,017	39,744
Deferred tax assets not recognised during the year	-	15,000
Reversal of previously unrecognised deferred tax assets	(35,000)	-
Tax effect on reduction in tax rate to:		
- 15% for first RM150,000 of chargeable income	(13,500)	-
- 17% for next RM450,000 of chargeable income	(31,500)	-
- 17% for first RM600,000 of chargeable income	-	(42,000)
(Over)/Under provision of income tax in previous years	(61,076)	59,638
Total tax expense recognised in profit or loss	<u>1,170,924</u>	<u>999,638</u>

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

13. PLANT AND EQUIPMENT

	Motor vehicles RM	Computer equipment RM	Air Conditioner RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Total RM
Cost							
As at 1 January 2022	473,312	100,468	8,894	1,175	18,116	89,040	691,005
Additions	-	88,898	-	2,420	68,070	-	159,388
As at 31 December 2022/1 January 2023	473,312	189,366	8,894	3,595	86,186	89,040	850,393
Additions	-	66,768	-	-	3,850	-	70,618
As at 31 December 2023	473,312	256,134	8,894	3,595	90,036	89,040	921,011
Accumulated depreciation							
As at 1 January 2022	328,910	60,199	3,589	1,139	5,304	-	399,141
Depreciation charge for the financial year	94,662	24,929	904	278	6,820	17,808	145,401
As at 31 December 2022/1 January 2023	423,572	85,128	4,493	1,417	12,124	17,808	544,542
Depreciation charge for the financial year	24,834	36,075	859	242	8,719	17,808	88,537
As at 31 December 2023	448,406	121,203	5,352	1,659	20,843	35,616	633,079
Net carrying amount							
As at 31 December 2022	49,740	104,238	4,401	2,178	74,062	71,232	305,851
As at 31 December 2023	24,906	134,931	3,542	1,936	69,193	53,424	287,932

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)****13. PLANT AND EQUIPMENT - (CONTINUED)**

- (a) The carrying amount of plant and equipment held under finance leases as at the reporting date are as follows:

	2023 RM	2022 RM
Motor vehicles	<u>24,906</u>	<u>49,740</u>

- (b) As at financial year end, the cost of plant and equipment of the Company that were fully depreciated but were still in use amounted to RM46,689 (2022: RM19,496).

14. TRADE AND OTHER RECEIVABLES

	2023 RM	2022 RM
Trade receivables		
Due from a related party	230,508	142,366
Third parties	5,833,834	3,306,899
Unbilled revenue	<u>814,080</u>	<u>131,393</u>
	<u>6,878,422</u>	<u>3,580,658</u>
Other receivables		
Due from a related party	91,792	79,151
Refundable deposits	113,696	48,821
Sundry receivables	<u>37,458</u>	<u>1,120</u>
	<u>242,946</u>	<u>129,092</u>
Total trade and other receivables	<u>7,121,368</u>	<u>3,709,750</u>

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' (2022: 30 days') terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Due from a related party (Included in Other receivables)

The amount owing from a related party is unsecured and is recoverable on demand.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

RYMNET SOLUTIONS SDN. BHD.

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)****15. PREPAYMENTS**

	2023 RM	2022 RM
Prepayments for operating expenses	<u>41,250</u>	<u>4,670</u>

16. CASH AND CASH EQUIVALENTS

The cash management policy of the Company is to use cash and cash equivalents to manage cash flows to ensure sufficient liquidity to meet the obligations of the Company.

The components of cash and cash equivalents consist of:

	2023 RM	2022 RM
Cash on hand	131	502
Cash at banks	5,782,108	5,457,308
Deposits with a licensed bank	<u>3,311,588</u>	<u>304,092</u>
	9,093,827	5,761,902
Deposits pledged with a licensed bank	<u>(3,311,588)</u>	<u>(304,092)</u>
Cash and cash equivalents	<u>5,782,239</u>	<u>5,457,810</u>

17. TRADE AND OTHER PAYABLES

	2023 RM	2022 RM
Trade payables		
Third parties	182,874	46,604
Deferred revenue	<u>3,094,329</u>	<u>2,006,400</u>
	<u>3,277,203</u>	<u>2,053,004</u>
Other payables		
Accruals	828,995	29,042
Due to a director	-	62,587
Payments received on behalf of trade customers	2,283,804	141,903
Sundry payables	<u>520,905</u>	<u>314,102</u>
	<u>3,633,704</u>	<u>547,634</u>
Total trade and other payables	<u>6,910,907</u>	<u>2,600,638</u>

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

17. TRADE AND OTHER PAYABLES - (CONTINUED)

Trade payables

These amounts are non-interest bearing. The credit terms of trade payables are normally settled within 30 days (2022: 30 days).

Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on an average term of 14 to 30 days (2022: 14 to 30 days).

Due to a director

This is unsecured, non-interest bearing and is repayable on demand.

18. LEASE LIABILITIES

Finance Leases

	2023	2022
	RM	RM
Future minimum lease payments:		
Not later than 1 year	77,664	77,664
Later than 1 year but not later than 2 years	64,781	77,664
Later than 2 years but not later than 5 years	8,646	73,427
Total future minimum lease payments	151,091	228,755
Less: Future finance charges	(5,489)	(12,418)
Present value of finance lease liabilities	145,602	216,337

Analysis of present value of finance lease liabilities:

Not later than 1 year	73,541	70,735
Later than 1 year but not later than 2 years	63,429	73,541
Later than 2 years but not later than 5 years	8,632	72,061
	145,602	216,337
Less: Amount due within 12 months	(73,541)	(70,735)
Amount due after 12 months	72,061	145,602

The discount rate implicit in the leases of the Company are ranged from 3.93% to 3.98% (2022: 3.93% to 3.98%) per annum.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

Registration No.: 200301033025 (635446-H)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)****19. DEFERRED TAX ASSETS/(LIABILITIES)**

	2023 RM	2022 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	21,000	26,000
Deferred tax liabilities	<u>(21,000)</u>	<u>(26,000)</u>
	<u>-</u>	<u>-</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	As at 1 January 2022 RM	Recognised in profit or loss RM	As at 31 December 2022 RM	Recognised in profit or loss RM	As at 31 December 2023 RM
Deferred tax assets:					
Others	20,000	6,000	26,000	(5,000)	21,000
Deferred tax liabilities:					
Plant and equipment	<u>(20,000)</u>	<u>(6,000)</u>	<u>(26,000)</u>	<u>5,000</u>	<u>(21,000)</u>
Grand total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items:

	2023 RM	2022 RM
Other deductible temporary differences	<u>77,000</u>	<u>112,000</u>

Deferred tax assets have not been recognised for the following tax benefits carried forward as at 31 December 2023 in the absence of convincing other evidence that sufficient taxable profit will be available against which the allowances can be utilised by the Company in the future.

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**
20. SHARE CAPITAL

	Number of Ordinary Shares		Amount	
	2023	2022	2023 RM	2022 RM
Issued and fully paid shares with no par value classified as equity instruments:				
At the end of the financial year	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Share capital

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

21. DIVIDENDS

	2023 RM	2022 RM
Dividends on ordinary shares:		
In respect of the financial year ended 31 December 2022:		
- First interim single-tier dividend of RM5.00	-	500,000
In respect of the financial year ended 31 December 2023:		
- First interim single-tier dividend of RM10.00	<u>1,000,000</u>	<u>-</u>
Total deducted from equity in the current financial year	<u>1,000,000</u>	<u>500,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**
22. FINANCIAL INSTRUMENTS**22.1 Categories of Financial Instruments**

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

	Carrying amount RM	AC RM
2023		
Financial assets		
Trade and other receivables	7,121,368	7,121,368
Cash and cash equivalents	9,093,827	9,093,827
	<u>16,215,195</u>	<u>16,215,195</u>
Financial liabilities		
Lease liabilities	145,602	145,602
Trade and other payables	6,910,907	6,910,907
	<u>7,056,509</u>	<u>7,056,509</u>
2022		
Financial assets		
Trade and other receivables	3,709,750	3,709,750
Cash and cash equivalents	5,761,902	5,761,902
	<u>9,471,652</u>	<u>9,471,652</u>
Financial liabilities		
Lease liabilities	216,337	216,337
Trade and other payables	2,600,638	2,600,638
	<u>2,816,975</u>	<u>2,816,975</u>

22.2 Net Gains and (Losses) From Financial Instruments

	2023 RM	2022 RM
Net gain/(losses) on:		
Financial assets measured at amortised cost	49,503	4,092
Financial liabilities measured at amortised cost	(6,929)	(9,629)
	<u>42,574</u>	<u>(5,537)</u>

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**
23. CONTINGENCY
Contingent Liability

	2023	2022
	RM	RM
Secured		
Bank guarantee	<u>146,494</u>	<u>146,494</u>

The bank guarantee is secured by way of fixed deposits with a licensed bank of the Company amounting to RM3,311,588 (2022: RM304,092).

24. RELATED PARTY DISCLOSURES
(a) Key Management Personnel Compensation

The directors and other key management personnel compensation of the Company, including compensation paid to management entities that provide key management personnel services, for the financial year ended 31 December 2023 and the comparative prior financial year are as follows:

	2023	2022
	RM	RM
Total compensation	<u>400,319</u>	<u>467,185</u>

(b) Related Party Transaction

The related party transaction of the Company in the financial year ended 31 December 2023 and the corresponding comparative prior financial year is as follows:

	2023	2022
	RM	RM
Support fee charged to a related company	<u>88,142</u>	<u>142,366</u>

AUDITED FINANCIAL STATEMENTS OF RYMNET FOR THE FYE 31 DECEMBER 2023 (CONT'D)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 - (CONTINUED)**

25. SUBSEQUENT EVENT

At the end of May 2024, the Company has an interim dividend as indicated below:

RM

In respect of the financial year ending 31 December 2024:

- First interim single-tier dividend of RM5.00

500,000

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

The information on Rymnet , Rymnet SGP and the Vendor was provided by the management and/or board of directors of Rymnet. Therefore, the responsibility of our Board with respect to such information is limited to ensuring that the information thereon is accurately reproduced in this Circular.

2. CONSENT

UOBKH, being the Principal Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposed Acquisition.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither our Company nor our Group is engaged in any other material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or the business of our Group, and our Board does not have any knowledge of any proceeding pending or threatened against our Group, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of our Group.

5. MATERIAL COMMITMENTS

As at the LPD, our Board confirmed that there are no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

6. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

FURTHER INFORMATION (CONT'D)

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at our registered office at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Constitution of our Company;
- (ii) the Constitution of Rymnet;
- (iii) the SPA;
- (iv) the audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2023 as well as the unaudited consolidated financial statements of our Group for the 6-month FPE 30 June 2024;
- (v) the audited financial statements of Rymnet for the past 2 financial years up to the FYE 31 December 2023 as well as the unaudited financial statements of Rymnet for the 6-month FPE 30 June 2024;
- (vi) the unaudited financial statements of Rymnet SGP for the past 2 financial years up to the FYE 31 December 2023 as well as the unaudited financial statements of Rymnet SGP for the 6-month FPE 30 June 2024;
- (vii) the directors' report on Rymnet Group as referred to in **Appendix III** of this Circular; and
- (viii) the letter of consent and declaration of conflict of interest referred to in **Sections 2 and 3** of this **Appendix V**.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting ("**Meeting**") of Radiant Globaltech Berhad ("**RGTECH**" or the "**Company**") will be held at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 28 November 2024 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications the following resolution:-

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF 80% EQUITY INTEREST IN RYMNET SOLUTIONS SDN BHD ("RYMNET**") FOR A PURCHASE CONSIDERATION OF RM52.50 MILLION ("**PURCHASE CONSIDERATION**") TO BE FULLY SATISFIED VIA A COMBINATION OF CASH CONSIDERATION OF RM42.50 MILLION AND ISSUANCE AND ALLOTMENT OF 30,303,000 NEW ORDINARY SHARES IN RGTECH ("**RGTECH SHARE(S)**" OR "**SHARE(S)**") ("**PROPOSED ACQUISITION**")**

"THAT, subject to the approvals of all relevant authorities and/or parties including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the 30,303,000 RGTECH Shares ("**Consideration Shares**") at an issue price of RM0.33 per Consideration Shares, representing a sum of RM10.00 million (with any fractional entitlement be disregarded) on the ACE Market of Bursa Securities being obtained and the fulfilment or waiver of the conditions precedent of the conditional share purchase agreement dated 9 September 2024 ("**SPA**") entered into between RGTECH and Un Sze Hau ("**Vendor**"), approval be and is hereby given to the Company to acquire 80,000 ordinary shares in Rymnet from the Vendor for the Purchase Consideration to be fully satisfied via combination of cash consideration of RM42.50 million and issuance of the Consideration Shares at the issue price of RM0.33 per Consideration Share in accordance with the terms and conditions as stipulated in the SPA pursuant to the Proposed Acquisition or such other terms and conditions which are imposed by the relevant authorities;

THAT approval be and is hereby given to the Board of Directors of RGTECH ("**Board**") to issue and allot the Consideration Shares at the issue price of RM0.33 per Consideration Share to the Vendor for the purpose of a partial settlement of the Purchase Consideration;

THAT the Consideration Shares shall, upon issuance and allotment, rank equally in all respects with each other and with the existing RGTECH Shares, save and except that the Consideration Shares shall not be entitled to participate in any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the entitlement date precedes the relevant date of issuance and allotment of the Consideration Shares;

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

By Order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)
LEE SIEW FUN (MAICSA 7063623) (SSM PC No. 202008000735)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
28 October 2024

Notes:

- a) *A member who is entitled to present, participate, speak 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 member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.*
- c) *The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or signed by 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 may be made in a hard copy form or by an electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-*
 - (i) *In hard copy form*
In the case of an appointment made in hard copy form, the proxy form must be deposited at 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 or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) *By electronic form*
The proxy form can be electronically lodged via Tricor Investor & Issuing House Services Sdn Bhd online website at <https://tiih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of proxy form via TIIH Online.
- 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 21 November 2024. Only members whose names appear in the General Meeting Record of Depositors as at 21 November 2024 shall be entitled to attend, speak and vote at the Meeting.*
- h) *The resolution set out in this Notice of Meeting will be put to vote by poll.*
- i) *The members are advised to refer to the Administrative Notes on the registration process for the Meeting.*
- j) *Kindly check Bursa Securities' website and the Company's website at www.rgtech.com.my for the latest updates on the status of the Meeting.*

**RADIANT GLOBALTECH BERHAD**

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

PROXY FORM

CDS Account No.	No. of Shares Held

I/We* _____
(Full name in block)

NRIC/Passport/Registration No.* _____

of _____
(Full address)

with email address _____ mobile phone no. _____

being a member/members* of RADIANT GLOBALTECH BERHAD ("the Company"), hereby appoint(s):

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Mobile Phone No.			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* and on my/our* behalf at the Extraordinary General Meeting ("Meeting") of the Company to be conducted physically on Friday, 23 June 2023 at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan at 11.30 a.m. or immediately following the conclusion or adjournment of the Company's 20th Annual General Meeting, which will be held on the same day at the same venue at Greens III, Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, whichever is later, 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.

RESOLUTION RELATING TO:	FOR	AGAINST
PROPOSED ACQUISITION		

*delete whichever is not applicable

Dated this _____ day of _____ 2023

Signature of Member(s) / Common Seal



Notes:

- a) *A member who is entitled to present, participate, speak 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 member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.*
- c) *The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or signed by 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 may be made in a hard copy form or by an electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-*
 - (i) *In hard copy form*
In the case of an appointment made in hard copy form, the proxy form must be deposited at 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 or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) *By electronic form*
The proxy form can be electronically lodged via Tricor Investor & Issuing House Services Sdn Bhd online website at <https://tjih.online>. Please refer to the Administrative Notes on the procedure for electronic lodgement of proxy form via TIH Online.
- 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 21 November 2024. Only members whose names appear in the General Meeting Record of Depositors as at 21 November 2024 shall be entitled to attend, speak and vote at the Meeting.*
- h) *The resolution set out in this Notice of Meeting will be put to vote by poll.*
- i) *The members are advised to refer to the Administrative Notes on the registration process for the Meeting.*
- j) *Kindly check Bursa Securities' website and the Company's website at www.rqttech.com.my for the latest updates on the status of the Meeting.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
RADIANT GLOBALTECH BERHAD
Registration No. 200301018877 (621297-A)

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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