

RADIANT

GLOBALTECH

RADIANT GLOBALTECH BERHAD

[Registration No. 200301018877 (621297-A)]

(Incorporated in Malaysia)



2019

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Siow Kim Lun

(Independent Non-Executive Chairman)

Yap Ban Foo

(Managing Director)

Yap Sin Sang

(Executive Director - Operations)

Tevanaigam Randy Chitty

(Independent Non-Executive Director)

Mashitah Binti Osman

(Independent Non-Executive Director)

COMPANY SECRETARY

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

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

AUDITORS

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

SHARE REGISTRAR

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Services Sdn. Bhd.
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Vertical Business Suite
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Telephone No. : (03) 2783 9299
Fax No. : (03) 2783 9222

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad

HEAD OFFICE

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

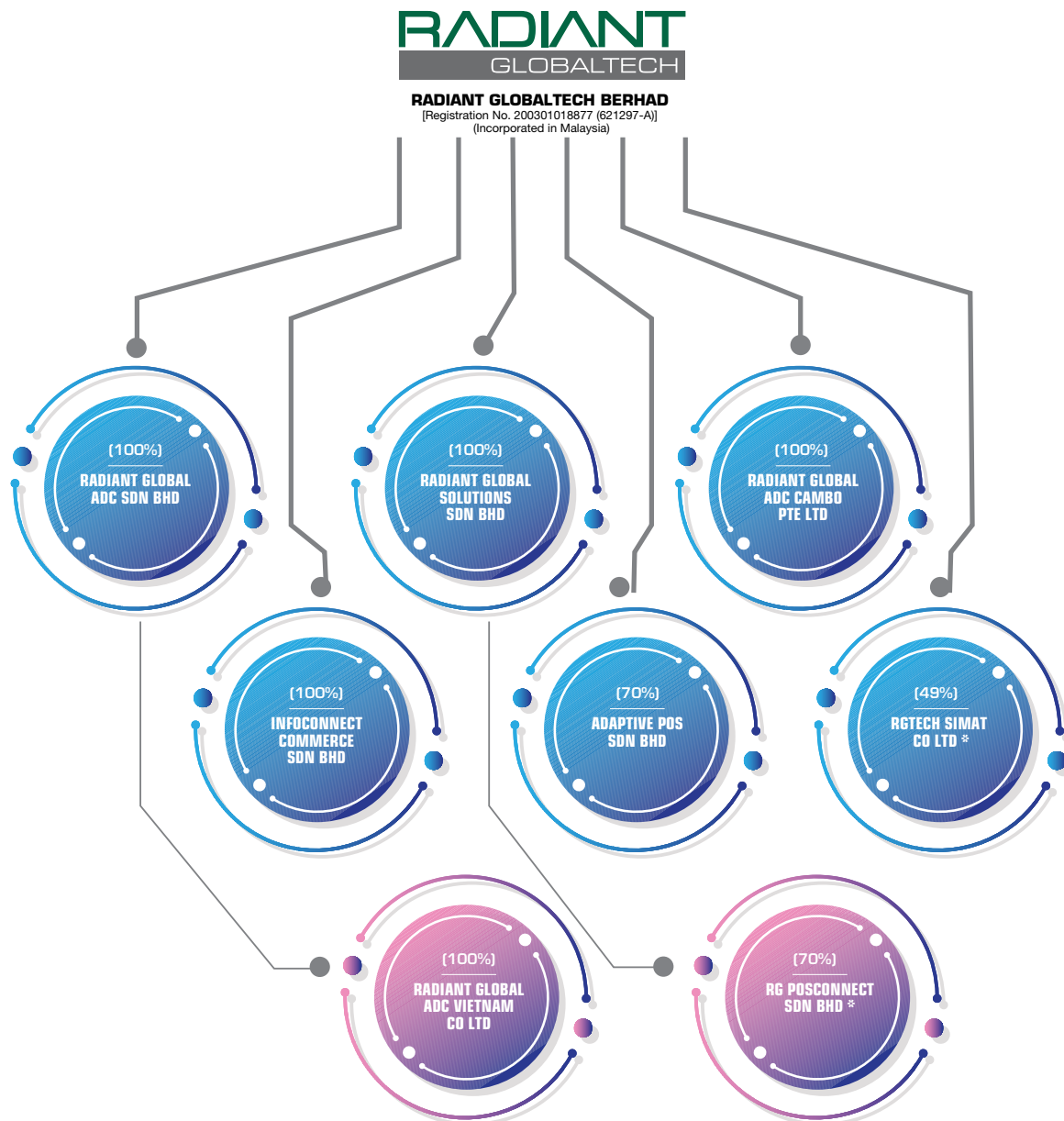
STOCK EXCHANGE LISTING

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

SPONSOR

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

CORPORATE STRUCTURE



* Incorporated subsequent to the year 2019.

DIRECTORS' PROFILE



DATO' SIOW KIM LUN

*Independent Non-Executive Chairman
Malaysian / Male / Aged 70*

Dato' Siow Kim Lun ("Dato' Siow") is the Independent Non-Executive Chairman of the Group. He was appointed to the Board on 7 August 2017 and is a member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee. He attended all five (5) Board meetings held in the financial year.

Dato' Siow is an Economics Honour graduate of class 1978 from Universiti Kebangsaan Malaysia. He also received a Master's Degree in Business Administration (MBA) from the Catholic University of Leuven, Belgium in 1981. In 1997, he attended the Advanced Management Program at Harvard Business School in United States.

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

He is also an Independent Director of EITA Resources Berhad, Sunway Construction Group Berhad, Hong Leong Assurance Berhad, RHB Investment Bank Berhad and Eco World International Berhad respectively.



YAP BAN FOO

*Managing Director
Malaysian / Male / Aged 55*

Mr. Yap Ban Foo is the Group's Managing Director. He joined the Board on 10 July 2003 and has led the development of the company over the years. He is responsible for overseeing the strategic business planning, development, and operations of the Group. He attended all five (5) Board meetings held in the financial year.

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

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

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

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



YAP SIN SANG

*Executive Director – Operations
Malaysian / Male / Aged 57*

Mr. Yap Sin Sang is our Executive Director - Operations. He was appointed to our Board on 10 July 2003. His responsibility is to oversee the overall operations of the Group. He attended all five (5) Board meetings held in the financial year.

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

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

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

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

DIRECTORS' PROFILE

(cont'd)



TEVANAIGAM RANDY CHITTY

*Independent Non-Executive Director
Malaysian / Male / Aged 52*

Mr. Tevanaigam Randy Chitty ("Mr. Randy") was appointed to the Board on 7 August 2017 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee. He also sits on the Nomination and Remuneration Committee. He attended all five (5) Board meetings held in the financial year.

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

He then continued his career in 1999 as the Group General Manager at Pancaran Ikrab Berhad. He joined Bukit Kiara Properties Sdn. Bhd. in 2002 as the General Manager in the Finance Department. In 2004, he was appointed as the Group General Manager of Finance at AWC Facility Solutions Berhad (now known as AWC Berhad), where he served until 2007.

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

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

Currently, he is the Chief Financial Officer at KA Petra Sdn. Bhd.

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



MASHITAH BINTI OSMAN

*Independent Non-Executive Director
Malaysian / Female / Aged 62*

Appointed to the Board on 7 August 2017, **Puan Mashitah Binti Osman ("Puan Mashitah")** is the Group's Independent Non-Executive Director. She is also the Chairman of the Nomination and Remuneration Committee, and a member of the Audit Committee and Risk Management Committee. She attended all five (5) Board meetings held in the financial year.

Puan Mashitah received a Bachelor's Degree in Business Administration from National University of Malaysia (UKM) in 1982 and a Master's Degree in Business Administration from University College of Wales Aberystwyth in 1992.

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

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

She does not hold directorships in any other public companies and listed issuers.

Notes:

1. None of the Directors have family relationship with any Directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interests with the Company.
3. None of the Directors have been convicted of any offences (other than traffic offences, if any) within the past five (5) years or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

KEY SENIOR MANAGEMENT PROFILE

WONG WEI MING

*Digital Director
Malaysian / Male / Aged 53*

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

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

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

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

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

LIM KIAT HIN

*Sales Director
Malaysian / Male / Aged 44*

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

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

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

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

KEY SENIOR MANAGEMENT PROFILE

(cont'd)

YAP SIOK CHIN

*General Manager - Corporate Affairs
Malaysian / Female / Aged 55*

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

In 1989, after completing her Diploma in Commerce in Management Accounting from Tunku Abdul Rahman College, she joined the management team at YIG Management Services Sdn. Bhd as part of her training program. Upon the fulfillment of her training program, she moved forward with her career at Coopers & Lybrand Sdn. Bhd. as an Audit Assistant.

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

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

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

LEE SOOK KUAN

*Group Accountant
Malaysian / Female / Aged 36*

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

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

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

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

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

KEY SENIOR MANAGEMENT PROFILE

(cont'd)

CHAI FUIE NGE

Head of Sales
Malaysian / Female / Aged 50

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

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

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

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

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

YEAP CHEE KEONG

Head of Technical
Malaysian / Male / Aged 51

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

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

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

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

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

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

KEY SENIOR MANAGEMENT PROFILE

(cont'd)

YONG SOO CHING

*Head of Pre-sales
Malaysian / Male / Aged 41*

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

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

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

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

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

TRAN PHU VINH

*Deputy General Director – Vietnam
Vietnamese / Male / Aged 48*

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

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

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

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

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

Notes:

1. None of the Key Senior Management personnel have any family relationships with any Directors and/or major shareholders of the Company, except the following:-
 - (a) Ms. Yap Siok Chin who is the sister of Mr. Yap Sin Sang, an Executive Director of the Company.
2. None of the Key Senior Management personnel have any conflict of interests with the Company.
3. None of the Key Senior Management personnel have been convicted of any offences (other than traffic offenses, if any) within the past five (5) years or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

DEAR VALUED SHAREHOLDERS,

I am pleased to present to you our annual report for the financial year ended 31 December 2019 (FY2019), our second year as a public-listed company. 2019 was a better year for us in terms of financial performance despite the challenging backdrop. We posted a stronger set of results for the year under review compared to FY2018 performance.

DATO' SIOW KIM LUN
Chairman



Chairman's Statement

Our improved financial performance was achieved amidst declined global Gross Domestic Product (GDP) growth from 3.7% in 2018 to 2.9% in 2019, as geopolitical pressures in key emerging nations and trade policy uncertainties continued to influence global economic activities in the second half of 2019. This slow rate of expansion had impacted businesses worldwide.

Locally, Malaysia's GDP moderated from 4.7% in 2018 to 4.3% in 2019. This was largely due to slower global growth and trade activities, disruptions in certain commodity-related sectors and contraction in public investment activities. However, the weaker GDP growth was offset by the resilient private sector spending and continued expansion in the services and manufacturing sectors.

The Malaysian retail sales sector grew only by 3.7% in 2019, slower than the 3.9% expansion reported last year. This was driven by stronger sales contribution from the pharmacy and personal care sub-sector, specialty stores, and department stores cum supermarkets.

Going forward, the global outlook for the remaining year will be uncertain and challenging amid the Coronavirus (Covid-19) outbreak globally. Many economies and businesses will be adversely impacted by this pandemic. As a result, we expect major disruptions in businesses, interruptions in global supply chains and higher unemployment numbers in the foreseeable future. It is hoped that the various economic stimulus packages introduced by the various governments in the world will help cushion the impact.

During a crisis period like this, we will leverage on our resources to work closely with our customers to enhance productivity for ourselves and our customers. As an information technology company, we will work to provide simpler and improved solutions for our customers to better manage their back-end operations. We also aim to leverage on our growing supplier base to optimize the use of our retail management portal AX Retail B2B. I believe we are well-positioned to serve our customers more efficiently and also have ample resources to help our clients in the possible event of industry consolidation. In addition, we are hopeful that our presence in the major markets across South East Asia will enable us to gain a stronger footing in the retail management solutions space.

I would like to take this opportunity to express my sincere appreciation to my fellow members of the Board, key management, and all our employees for your efforts in building our track record as a reliable integrated retail solutions provider. Without your commitment, good work ethics and dedication, we would not be enjoying the success we have today.

I am also thankful to our business partners, associates, suppliers, customers, and valued shareholders for your continued support for the Radiant Group. We will continue to improve on our operations and generate better returns for our stakeholders, alongside our target of being one of the trusted retail solutions firms in the region.

Sincerely,
Dato' Siow Kim Lun
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Dear valued shareholders,

2019 was indeed an arduous year for the overall retail sector in Malaysia, with the slow-paced economic activity and subdued expansion across various product and service industries. However, we persevered and rose to the challenge and accomplished stronger financial performance in the financial year ended 31 December 2019 ("FY2019").

The Board of Directors ("Board") is pleased to present to you the financial statements and Annual Report for FY2019.

OVERVIEW

Radiant Globaltech Berhad ("Radiant Group" or the "Group") is an integrated provider of retail technology solutions in Malaysia, comprising hardware, software, as well as maintenance and technical support services. Radiant Group's retail technology solutions are used in the retail, non-retail as well as food and beverage ("F&B") sectors to automate customers' operations, in order to increase efficiency and reduce costs.

Furthermore, the Group's retail technology solutions are used for capturing and processing payments (i.e. Point of Sales ("POS")), inventory management, analytics and reporting, as well as sales and marketing (i.e. customer loyalty management).

The Group has operational presence across countries in South East Asia ("SEA"), namely Malaysia, Vietnam, Cambodia and Thailand.

The Group's customer base comprises reputable and wide-network retail chains including Giant, 99 Speedmart, Guardian, Cold Storage, Parkson, AEON Big, Manjaku Baby Mall and 7-Eleven Malaysia.

• Hardware

The Group's hardware business encompasses distribution of retail hardware products such as POS equipment, barcode scanners, handheld terminals, barcode printers, hardware consumables and weighing scales to a wide variety of retailers ranging from convenience stores, pharmacies and F&B outlets to super-and-hyper markets.

• Software

The Group's software solutions segment can be segregated into two divisions, i.e. third party and in-house software solutions. The third-party software solutions that the Group distributes to retailers are Microsoft Dynamics NAV and LS Retail.

Nonetheless, the Group's core expertise lies in its in-house software for retail management and handheld/desktop applications. These are mainly focused on retail, non-retail and F&B management software solutions such as AX Retail B2B, AX Non-Retail B2B, AX Retail Consignment portals, POSplus and other software for handheld terminals and desktops.

• Maintenance and Technical Support Services

Radiant Group's maintenance and technical support services consists of information technology support services, hardware maintenance services and technical support for operating systems and the Group's in-house software solutions.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

OPERATIONS REVIEW

As we aspire to reach greater heights, we marked significant operational highlights in the year under review:

- **Secured notable customers**

Three notable retail chains adopted the usage of our AX Retail B2B portal in FY2019 to streamline the entire procurement process and reduce errors in deliveries, invoices and payments.

The first prominent customer was reputable convenience store chain 7-Eleven Malaysia as they recognised the portal's ability to optimise work flows and enhance back-end processes, thus making it more effective for vendors and providing better service to customers. Suppliers of all 7-Eleven Malaysia's outlets nationwide were empowered to utilise AX Retail B2B portal for a period of three years.

The second major retailer was Malaysia's largest baby mall chain store, Manjaku Baby Mall ("Manjaku"). All trade suppliers of Manjaku's 150 outlets adopted the usage of AX Retail B2B portal for a duration of three years.

Lastly, the third notable player on-board AX Retail B2B was Jollibean Foods Pte Ltd, a chain of fast serving F&B outlets in Singapore that manages three retail brands, namely Jollibean, Sushi Deli and Kopi Alley. The Group has rolled out POS equipment and cloud based back-end and mobile retail services to all its 26 outlets in Singapore.

With these new customers, we are pleased to report that as at December 2019, the Group's supplier base for AX Retail B2B portal marked a significant growth to 3,500 suppliers from approximately 2,000 in December 2018. These fruits of our marketing efforts in the past year not only prove our solution's customer-centric features, but also form a stronger revenue base in the future.

- **Entered into a reseller agreement with Strongpoint Technology AB ("Strongpoint")**

In March 2019, the Group had entered into a reseller agreement with Strongpoint whereby the Group will have the exclusive rights to sell, distribute and provide support services for Strongpoint's products and services within Malaysia and Singapore for 24 months.

With this, we are able to capitalise on Strongpoint's core expertise of hardware products for the retail industry and cross-sell our in-house retail technology solution portals, enabling us to gain a bigger market share in the region going forward. We had successfully deployed 27 CashGuard Cash Management machines at three KLIA Ekspres stations, namely KL Sentral, KLIA and KLIA 2 a year ago. This has allowed KLIA Ekspres to report significant savings of more than 70% in terms of monetary costs and labour hours, with downtime of less than 1% across over two million cash transactions.

FINANCIAL OVERVIEW

In FY2019 the Group's revenue increased 32.5% to RM82.0 million from RM61.9 million in the financial year ended 31 December 2018 ("FY2018").

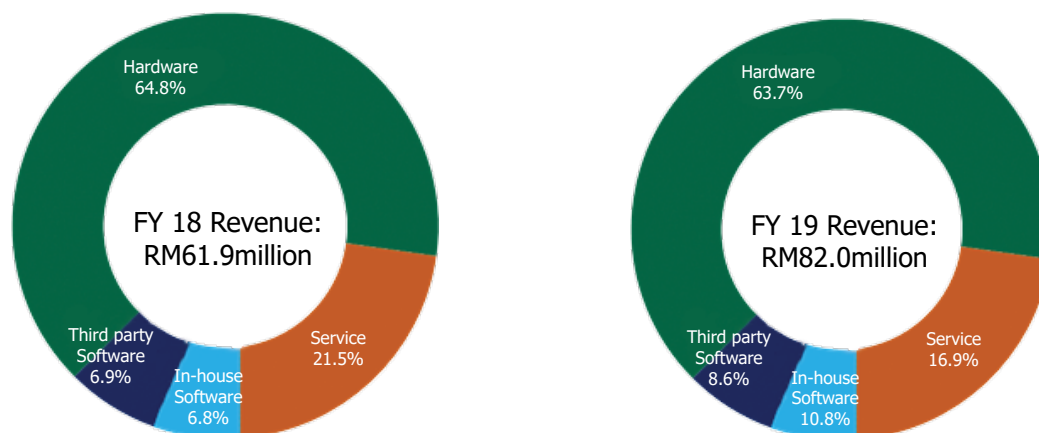
Out of the total, the hardware segment remains as the majority revenue contributor with 63.7%. Topline contribution for this division increased 30.2% to RM52.2 million in FY2019 from RM40.1 million in FY2018 due to increased marketing activities and retailers' new outlets and/or expansionary activities in Malaysia.

The Group's overall software segment made up to 19.4% or RM15.9 million of total topline, jumping 87.1% from RM8.5 million. The Group's in-house software segment increased significantly by more than twofold to RM8.9 million from RM4.2 million, while third-party software segment rose 62.8% from RM4.3 million to RM7.0 million.

The balance 16.9% of Group topline was contributed by the maintenance and technical support services which generated revenue of RM13.9 million, an increase of 4.5% from RM13.3 million previously.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)



In line with the higher contribution from the Software segment which yields higher profit margins, FY2019 gross profit increased 18.3% to RM33.0 million from RM27.9 million previously. Notwithstanding the higher gross profit, Radiant Group's overall gross profit margin decreased to 40.42% from 45.1% in FY2018 due to higher contribution from the lower profit margin of the hardware segment.

The improved topline, coupled with higher other income generated and lower other expenses recorded in the year under review, resulted in the Group's profit before tax surging 90.5% to RM8.0 million in FY2019 compared to RM4.2 million a year ago. Net profit attributable to shareholders similarly rose to RM5.6 million, versus RM3.0 million previously.

As a result, the Group's basic earnings per share improved from 0.66 sen in FY2018 to 1.06 sen in the year under review.

The Group hopes to sustain this growth momentum and reach greater heights going forward.

ASSETS, LIABILITIES AND EQUITY

The Group's total assets jumped to RM96.7 million as at 31 December 2019 from RM74.1 million as at 31 December 2018. This was mainly attributed to the increased trade receivables in line with the improved topline, higher intangible assets, right of use assets and cash and cash equivalents recorded in FY2019. The presence of right of use assets were due to the adoption of MFRS 16 and the intangible assets were due to the acquisitions of Adaptive POS Sdn Bhd ("ADP") and Infoconnect Commerce Sdn Bhd ("ICC") which were completed in January 2019.

Total liabilities rose to RM32.2 million in FY2019 from RM15.5 million a year ago on higher trade and other payables. The Group's total borrowings decreased to RM2.2 million from RM2.7 million a year ago as we pared down our borrowings in line with financial prudence.

Higher retained earnings pushed shareholders' equity to RM63.7 million at the end of 2019 from RM58.6 million previously. By taking these into consideration, the Group maintained its net cash position as at end of 2019, providing ample room for the Group to take on leverage to fund its expansion plans.

CAPITAL EXPENDITURE

Radiant Group incurred RM1.8 million in capital expenditure ("CAPEX") in FY2019 for the purchase of an office building, office equipment and renovation costs. As a comparison, the Group invested RM0.7 million in FY2018 for the purchase of furniture and fittings, and renovation of the Group's existing office premises.

For FY2020, the Group has aims to utilise the remaining RM9.9 million of Initial Public Offering ("IPO") proceeds allocated for business and capital expansion.

DIVIDEND POLICY

The Board recognises that the Group currently has not fixed a dividend policy in place as it is still in its growth phase, and requiring capital for new product development, marketing and other expenses to grow the business for the long-term. Our first priority is to deliver sustainable performance and we believe this is beneficial to all, from Management and employees to shareholders.

To reward shareholders, Radiant Group had declared and paid an interim single-tier dividend of 0.1 sen amounting to a dividend payout of approximately RM0.5 million for the year under review.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

ANTICIPATED OR KNOWN RISKS

As an integrated retail solutions player, the Group's operations are exposed to several risks. The following are among the key potential risks and uncertainties that may adversely impact the business, financial condition and the results of the operations:

- **Risk of dependence on the retail industry**

We mainly serve the retail industry, as our prominent customer types are departmental stores, hypermarkets, supermarkets and convenience stores. These are the players that will most likely implement retail technology solutions in their daily operations as they go through high volumes of business documents. Hence, any challenges and/or decline in the retail sector may have a material adverse effect on the Group's business operations and financial performance.

In mitigating this, most of our retail customers fall under 'essential services' category maintained their operations despite the Movement Control Order set by the Government since mid-March 2020.

- **Risk of being affected by the rising trend in the online retail industry**

The increasing trend of buying products through e-commerce channels arising from changes in consumer shopping behaviour poses as a challenge to brick and mortar retail shops. Having majority of our main customers being owners of physical retail stores, the growth of various local and foreign online-shopping platforms and increasing transactions through mobile commerce may also contribute to the change in consumer shopping behaviour. The younger generations are more tech-savvy and prefer to purchase goods and services online instead of via physical retail shops, which may result in a decline in the number of physical stores in the future.

We are mitigating this risk by serving markets not only in the retail industry but also to include F&B and industrial sectors to alleviate this risk. Besides that, our retail portals are also able to serve the e-commerce sectors, thereby allowing us to grow alongside the e-commerce sector.

OUTLOOK AND GROWTH STRATEGIES

The global business landscape for the financial year ending 31 December 2020 (FY2020) is expected to be challenging due to the Covid-19 pandemic. While the final impact remains uncertain, the overall economy has taken a hit from supply chain disruptions and limitations set in place to prevent the spread of Covid-19.

Covid-19 had brought the retail sector to a near standstill as most retail outlets were unable to operate during the Movement Control Order (MCO) period. This resulted in many retail operations either closing down or streamlining their chains to preserve cashflow.

Besides that, Covid-19 has caused the retail sector to establish a 'new normal' post-MCO, significantly impacting operating hours and necessitating operations optimisation. This is on top of changing consumer behaviours to maintain social distancing and more consumers preferring to shop online rather than visit physical stores.

Despite the prevailing headwinds, the Management team will implement the following strategies to maintain the Group's growth trajectory:

- **Build strong recurring income stream**

We are mindful of the current economic sentiment and weak retail performance over the past two years. This creates greater urgency for retail chains to improve operational speed and responsiveness in meeting users' demand in a timely manner. Hence, we aim to register more trade suppliers on-board and leverage on our subscription-based models for our retail and non-retail management portals to provide a strong recurring income stream for the Group.

With this, we will be able to weather the economic downturn and maintain our expansion plans for the foreseeable future.

- **Establishing direct presence across SEA**

With the rapid urbanisation in SEA, accompanied by technological advancements levelling the playing field, we are seeing more retailers converting from the traditional manual systems to automated retail technology solutions. Therefore, the Group plans to establish a direct presence in the retail sector across the region to further establish its footing in hopes to be one of the leading retail technology solutions players in the region.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

- **Establishing direct presence across SEA (cont'd)**

We had achieved direct presence into Thailand's retail sector through the joint venture with Simat Technologies Public Company Ltd ("Simat Technologies") in January 2020 to provide POS equipment and retail software solutions to retailers in Thailand. Going forward, we aim to leverage on Simat Technologies' existing expertise and clientele in Thailand to jumpstart our penetration into Thailand's F&B market, and gain a good foothold for future prospects.

- **Integrating acquisitions to penetrate F&B and non- retail markets**

With our acquisitions of ADP and ICC in January 2019, we have integrated our in-house software with the two software systems. This allows us to provide the full suite of services to better serve the F&B and non-retail markets, namely manufacturing and industrial distribution segments.

Through this, Radiant Group would avoid being overreliant on the retail sector and allows the Group to diversify its customer sector risk.

All things considered, we are hopeful of sustaining our growth plans as we head into the new financial year, backed by our committed Management team, strong track record and being the only integrated retail technology solutions provider in Malaysia.

Sincerely,
Yap Ban Foo
Managing Director

SUSTAINABILITY STATEMENT

As a total retail technology solutions provider, growing and expanding Radiant Globaltech Berhad and its subsidiaries ("the Group") go hand in hand in contributing to the communities, society, and economy while conserving Mother Earth. The Group recognises that sustainability is not only the key to business success, it is also a critical factor to enhance the future for individuals, society at large and the environment we all live in.

Thus, sustainability has been in the values and operations of the Group for many years to actively shape the pervasive transformation of the industry and the world. The Group stands for these values of sustainability and integrates all dimensions of sustainability into its corporate strategy. Therefore, the purpose of this sustainability report is to provide a better understanding to all stakeholders on the management's approaches and commitment in sustainable business excellence and impact reduction in economic, environmental, and social aspects.

The Group believes that a balanced approach to sustainability will build trust and reputation, and accelerate the pace of change towards a more sustainable world. This sustainability report outlines the Group's sustainability direction throughout the financial year under review, with consideration to short-term and long-term strategic plans. The Board of Directors reviews the report to ensure that the Group's sustainability efforts align with and reflects its objectives. The Group has decided to accelerate its ongoing sustainability activities on three levels: economic, environmental, and social.

ECONOMIC

Technology and logistic advancement are now determining how diverse sectors and the economy are being transformed. Together with its partners, the Group supplies products and technologies that make business operations more efficient and eco-friendly.

In addition to providing total retail technology solutions, the Group offers maintenance and technical support services that enable its customers to streamline and automate their operations, people connectivity, processes and technology.

- **Cost Efficiency**

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

- **Economic Boost**

The Group predominantly serves retail customers, therefore, this dedicated sustainability effort has been supporting the domestic and regional retail markets, subsequently promoting economic activities and contributing to the progress of the country's economy. The Group holds up to the government's vision to establish an advanced economy, based on knowledge, innovation and integrated sustainability strategy.

- **Job Creation**

Furthermore, the Group plays a vital role in driving national and global economic development by creating jobs in Malaysia, Vietnam, and Cambodia. As of 31 December 2019, the Group has recruited a total of 263 employees worldwide: 230 employees in Malaysia, 27 employees in Vietnam, and 6 employees in Cambodia. The Group's footprint and experience in the Southeast Asian market have helped in the expansion not only in its expertise in new technologies and sectors, but it will also increase its workforce and consequently create more job opportunities.

- **Customer Satisfaction**

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

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

- **Financial Transparency**

The Group has been actively involved in unfolding sustainability issues and endeavors to promote financial transparency and best practices within its organisation. It aims to safeguard the Group and its stakeholders against conflict of interest, fraud and money laundering.

By intensively exchanging information with all stakeholders, the Group achieves and maintains greater financial transparency and security within the organisation and throughout the supply chain. All financial performance and material information pertaining to the Group's business activities are communicated promptly.

ENVIRONMENTAL

The Group is conscious of its impact on the environment and plays an active role in reducing its environmental footprint and those of its customers. To mitigate the environmental risks, the Group must act proactively to strengthen and optimise the improvement process for all environmental and energy-relevant processes.

Over the years, the Group has adopted a responsible and sustainable approach in its daily operations – innovation, awareness, reduction, recycle, and reuse – that meets the increasingly stringent environmental compliance requirements.

- **Innovation**

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

- **Awareness**

The Group is convinced that further environmental protection can be accomplished by raising employee awareness of sensible energy and paper use. The Group makes every effort to develop a culture with a conscience, encouraging the employees to be aware of their role and responsibility as a global citizen. This is a culture where the employees use less, waste less and reuse more; not just at the offices, but also warehouses, and project sites.

SUSTAINABILITY STATEMENT

(cont'd)

- **Reduce, Reuse, Recycle**

Incorporating the 'Reduce, Reuse, and Recycle' principle into the processes from the very beginning is also vital in the Group's sustainability initiatives. Many of its sites including offices adopt sustainability technology such as energy-efficient bulbs; all computer peripherals and lighting of the sites are switched off when not in use. Solar energy is considered as part of the Group's future sustainability undertakings as well.

In addition to the sparing use of energy, the Group regards efficient use and preservation of other resources – raw material, paper, and water, and recycle and reuse of plastic materials, as an ongoing task to reduce waste and emission. The waste that has to be disposed-off is kept to an absolute minimum level, and a waste management protocol is enforced and adhered to stringently.

- **Digital Transformation**

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

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

SOCIAL

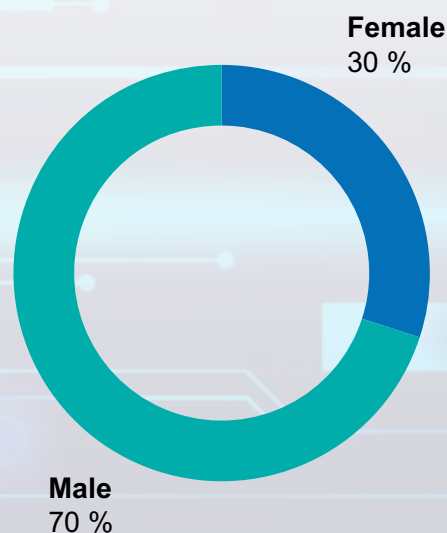
The employees are valuable assets to the Group because they are the driving force behind the success of the organisation. That is why the Group strives to create a workplace in which employees can be at their best, embrace diversity and bring onboard the best talent from diverse backgrounds; as well as to offer opportunities to employees for their personal and career development.

Diversity

Coming from different races, ethnicities, cultures, and genders, the Group's employees have created a diverse family. The Group supports a diversity-balanced workforce and equal opportunities for all at every level. Diversity helps the organisation to achieve a dynamic workforce with diverse experiences, perspectives, and strengths as well as to enrich the capacity to create and innovate, enable the Group to respond more promptly and effectively to the ever-evolving business landscape.

The Group also highlights gender diversity and generates awareness of the current situation throughout the entire corporation. Even though the Group does not set any specific target ratio for female employees, the Group endeavors to improve the gender diversity, equality and inclusion efforts in the organisation. All female employees are given equal opportunities for benefits and promotion when they have the same qualifications and abilities as their male counterparts.

The ratio of female employees at the Group has remained stable over the years. As of 31 December 2019, the Group's female employees make up 30% of its Senior Management team. This appealing figure puts the Group in a healthier position to empower more females, enable female employees to realise and draw on their valuable and productive abilities.



Talent Acquisition and Retention

The Group values talent and merits and offers employees diverse opportunities to propel their careers. Through providing continuous technical training, attractively competitive remuneration packages to high-performing personnel, the Group has successfully retained skilled employees and attracted new talents who are aspired to join and grow with the big family.

The Group evaluates employees' performances as per the appraisal management system. The evaluation results not only determine talent promotion but also help the Group to understand the training needs of each employee. Besides, employee evaluation serves as a key element for the adjustment of training plans and talent management strategies.

Continuous Training

The Group conducts consistent and regular training programs steadfastly to support the employees' personal and professional development. These training programs ensure that all employees can perform productively and deliver effective results, as well as to prepare them to take up leadership roles in the future in supporting the Group's continuous growth.

Safety, Health, and Well-Being

Employees' safety, health, and well-being are of top priority at all times. This is why the Group has never lost focus on this area and has implemented several measures to better protect the employees, and promote employees' overall health and well-being through work-life balance and by providing medical benefits to its employees.

The Group strengthens the governance of the production facilities and rectifies all potential hazards and risks to employees' through digitalisation and strict compliance with organisational and regulatory requirements.

Aside from hazards mitigation, the Group organises a series of recreational activities to foster workplace unity and energise team spirit – promoting a sense of belonging and sustaining employee well-being, both mentally and physically. These essential activities are staff dinners, festive gatherings and birthday celebrations, sport and outdoor activities, and award ceremonies, among many others.

CONCLUSION

Considerations of transparency, accountability, efficiency, and ethics are fundamental in achieving sustainability that brings corporate success and public good. Sustainability has gained its foothold in many dimensions with environmental sustainability receiving most attention. Therefore, it is of the general consensus that sustainability can only be accomplished in tandem with the individual, social, corporate, and government efforts.

In line with its operational guidelines and upholding its sustainability values, the Group is committed to conduct its business in a responsible and meaningful manner through resource optimisation and waste reduction, dedicated to make a significant difference to the people, the communities, and the environment.

Central to sustainability is the focus on unceasing adoption and integration of new frameworks of sustainability practices into the Group's business operations. On top of everything, accessibility, effective training and leadership, a policy of openness, and transparency are all mandatory to develop the confidence to tackle challenges that sustainability measures could bring.

To this end, the Group focuses its sustainability efforts on enhancing all stakeholders' value propositions via the execution of constantly-improved best practices. Taking the financial performance into account, the Group has reviewed and relaunched its sustainability strategy to fulfill its obligations to its stakeholders. As a responsible corporate citizen, the Group preserves shareholders' interest with adherence to integrity, high standards of corporate ethics, national laws and regulations, and international conventions.

The Group's achievements in 2019 show that the organisation is on the right track to its sustainability goals, mainly due to the outstanding teamwork exemplified by the Group's employees. The Group will continue to keep an eye on the industry trends and eco-oriented technologies, ranging from climate-friendly products to innovative processes. They are designed to forge new solutions that bridge the sustainability divide, promoting compatible, sustainable development of the economy, society, and the environment.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

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

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report 2019 ("CG Report"), based on a prescribed format as enumerated in Rule 15.25(2) of the ACE Market Listing Requirements ("ACE Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 31 December 2019 ("FYE 2019"). The CG Report is available on the Company's website at www.rgtech.com.my, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board's Leadership on Objective and Goals

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

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

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

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

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

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

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

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

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

The Company Secretary has –

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

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

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

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

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

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

A copy of the Board Charter is available on the Company's website at www.rgtech.com.my.

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

3. Good Business Conduct and Healthy Corporate Culture

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

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

- 3.2 A Whistle Blowing Policy was adopted by the Board on 6 June 2018 with the intention to promote the highest standard of corporate governance and business integrity. The Whistle Blowing Policy is available on the Company's website at www.rgtech.com.my.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II – BOARD COMPOSITION

4. Board's Objectivity

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

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

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

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

- 4.3 The Company has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years. Notwithstanding that, the assessment of independence of Independent Directors was conducted annually via Annual Evaluation of Independence of Director to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.
- 4.4 The Board appoints its members via a formal and transparent selection process. The NRC is responsible to consider and nominate new candidates for appointment and make the necessary recommendations to the Board for approval. In this respect, the role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's website, www.rgtech.com.my.

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

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

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

Objectives/Principles

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

4. Board's Objectivity (cont'd)

4.5 Measures

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

4. Board's Objectivity (cont'd)

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

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

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

The activities undertaken by the NRC during the FYE 2019 were as follows:-

- Reviewed and recommended to the Board for adoption of the annual performance evaluation forms of the individual Director, Independent Directors, AC and the Board and Board Committees as a whole.
- Assessed and evaluated the independence of the Independent Directors.
- Assessed and evaluated the performance of each Independent Director against the criteria as set out in the evaluation form, amongst others, attendance at Board and/or Board Committees meetings, adequate preparation for Board and/or Board Committee meetings, regular contribution to Board and/or Board Committee meetings, personal input to the role and other contributions to the Board and/or Board Committees.
- Assessed and evaluated the performance of the Executive Directors against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, technology and product development, conformance and compliance, business acumen, increasing shareholders' wealth, succession planning and personal input to the role.
- Reviewed and assessed the performance of the AC.
- Reviewed and recommended to the Board the re-election of Mr. Yap Ban Foo and Mr. Yap Sin Sang who were due for retirement by rotation pursuant to Clause 85 of the Company's Constitution at the last Annual General Meeting ("AGM") held on 11 June 2019.

5.0 Overall Effectiveness of the Board and Individual Directors

- 5.1 The Board has, through the NRC, conducted the following annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2019:-
- i. Performance of MD and Executive Director;
 - ii. Performance of Non-Executive Directors;
 - iii. Independence of the Independent Directors;
 - iv. Performance of the AC; and
 - v. Effectiveness of the Board and Board Committees as a whole.

Based on the evaluations conducted in the FYE 2019, the NRC and the Board were satisfied with the performance of the individual Directors, Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

5.0 Overall Effectiveness of the Board and Individual Directors (cont'd)

Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During FYE 2019, the Board met five (5) times where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as the Group's strategic, operational and financial performance.

The number of meetings held and attended by each member of the Board and the Board Committees during the FYE 2019 are as follows:-

Name of Directors (Designations)	Attendance			
	Board	AC	Nomination Committee ("NC")^	Remuneration Committee ("RC")^
Dato' Siow Kim Lun (Independent Non-Executive Chairman)	5/5	5/5	1/1	1/1
Yap Ban Foo (MD)	5/5	–	–	–
Yap Sin Sang (Executive Director)	5/5	–	–	–
Yap Poh Keong* (Executive Director)	0/1	–	–	–
Tevanaigam Randy Chitty (Independent Non-Executive Director)	5/5	5/5	1/1	1/1
Mashitah Binti Osman (Independent Non-Executive Director)	5/5	5/5	1/1	1/1

Notes:

* Mr. Yap Poh Keong resigned as an Executive Director on 28 February 2019.

^ The NC and RC have been merged into NRC as at 15 March 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

5.0 Overall Effectiveness of the Board and Individual Directors (cont'd)

Directors' Trainings

During the FYE 2019, all Directors had attended the following training programmes in compliance with Rule 15.08 of the ACE Market LR of Bursa Securities:-

Name of Directors	Trainings attended
Dato' Siow Kim Lun	<ul style="list-style-type: none"> The Key Amendments to the ACE Market LR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments
Yap Ban Foo	<ul style="list-style-type: none"> The Key Amendments to the ACE Market LR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments Driving Digital Transformation in Retail organised by Honeywell
Yap Sin Sang	<ul style="list-style-type: none"> The Future of Retailing Research Workshop and Study Tour The Key Amendments to the ACE Market LR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments Driving Digital Transformation in Retail organised by Honeywell Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009
Tevanaigam Randy Chitty	<ul style="list-style-type: none"> Malaysian Institute of Accountants ("MIA") Integrated Reporting The Key Amendments to the ACE Market LR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments Avoiding Competition Law Violations – Formulating an Effective Compliance Policy Invitation to Securities Commission Malaysia Audit Oversight Board Conversation with AC
Mashitah Binti Osman	<ul style="list-style-type: none"> The Key Amendments to the ACE Market LR of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments MIA Integrated Reporting

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART III – REMUNERATION

6. Level and Composition of Remuneration

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART III – REMUNERATION (CONT'D)

7.0 Remuneration of Directors and Senior Management

- 7.1 The remuneration payable to the Directors on the Company and the Group basis for the FYE 2019 is as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Defined Contribution Benefits (EPF) RM	Other Benefits [#]	Total RM
Executive Directors								
Yap Ban Foo	–	69,300	–	–	5,774	9,036	924	85,034
Yap Sin Sang	–	69,300	–	–	5,774	9,036	924	85,034
Yap Poh Keong (Resigned on 28 February 2019)	–	11,000	–	–	–	1,320	154	12,474
Non-Executive Directors								
Dato' Siow Kim Lun	42,000	–	–	1,800	–	–	–	43,800
Tevanaigam Randy Chitty	36,000	–	–	1,800	–	–	–	37,800
Mashitah Binti Osman	36,000	–	–	1,800	–	–	–	37,800
TOTAL	114,000	149,600	–	5,400	11,548	19,392	2,002	301,942

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART III – REMUNERATION (CONT'D)

7.0 Remuneration of Directors and Senior Management (cont'd)

7.1 The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Defined Contribution Benefits (EPF) RM	Other Benefits [#]	Total RM
Executive Directors								
Yap Ban Foo	–	925,978	28,000	–	47,249	104,580	3,964	1,109,771
Yap Sin Sang	–	800,321	23,950	–	47,249	104,580	5,700	981,800
Yap Poh Keong (Resigned on 28 February 2019)	–	70,000	–	–	–	8,400	462	78,862
Non-Executive Directors								
Dato' Siow Kim Lun	42,000	–	–	1,800	–	–	–	43,800
Tevanaigam Randy Chitty	36,000	–	–	1,800	–	–	–	37,800
Mashitah Binti Osman	36,000	–	–	1,800	–	–	–	37,800
TOTAL	114,000	1,796,299	51,950	5,400	94,498	217,560	10,126	2,289,833

Note:

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART III – REMUNERATION (CONT'D)

7.0 Remuneration of Directors and Senior Management (cont'd)

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

Range of Remuneration	No. of Senior Management Officer
RM100,001 to RM150,000	1
RM150,001 to RM200,000	0
RM200,001 to RM250,000	2
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1
TOTAL	5

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

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

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AC

8.0 Effective and Independent AC

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART I – AC (CONT'D)

8.0 Effective and Independent AC (cont'd)

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

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

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

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

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

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

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

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

PART II - RISK MANAGEMENT AND INTERNAL CONTROL

9. Risk Management and Internal Control Framework

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II - RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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

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

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

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

10. Effective Governance, Risk Management and Internal Control Framework

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

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

The internal audit functions and activities carried out during the FYE 2019 are as disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

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

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11.0 Continuous Communication between Company and Stakeholders

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholders' Participation at General Meetings

- 12.1 The notice for convening the forthcoming Seventeenth AGM ("17th AGM") of the Company which is scheduled to be held on 29 July 2020 was sent to the shareholders at least twenty-eight (28) days before the date of 17th AGM.

The notice of 17th AGM provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to have sufficient time to consider the resolutions that will be discussed and to make informed decisions in exercising their voting rights.

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

- 12.2 At the previous Sixteenth AGM ("16th AGM"), all the Directors of the Company including the Chairman/ Chairperson of the AC, NRC and RMC were present in person to engage directly with shareholders and be accountable for their stewardship of the Company.

During the proceedings of the 16th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting, before putting the resolutions to vote.

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

- 12.3 The Board ensures that the location of the general meeting is easily accessible to the shareholders of the Company. Shareholders who are unable to attend the AGM were encouraged to appoint his/her/its proxy/proxies to attend and vote at the AGM.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the ACE Market LR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2019. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

AUDIT COMMITTEE REPORT

A. OBJECTIVES

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

B. COMPOSITION OF THE AC

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

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

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

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

C. SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

During the financial year under review, the AC convened five (5) meetings and the details of attendance of each of the AC members to the meetings are as follows:-

AC Members	Attendance
Tevanaigam Randy Chitty, Chairman	5/5
Dato' Siow Kim Lun, Member	5/5
Mashitah Binti Osman, Member	5/5

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

AUDIT COMMITTEE REPORT (cont'd)

C. SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

The summary of the activities undertaken by the AC during the financial year ended 31 December 2019, amongst others, included the following:-

- i. Reviewed the unaudited consolidated quarterly financial results and annual audited financial statements of the Company including the announcements pertaining thereto. Discussion focused particularly on any changes in accounting policy and practices, significant and unusual events and compliance with accounting standards and other legal requirements before recommending to the Board for approval and making of the announcement to Bursa Securities;
- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group's financial statements for the financial year ended 31 December 2019 before the audit commenced to ensure that the scope of the external audit is comprehensive;
- iii. Reviewed with the External Auditors on the results and issues arising from their audit of the financial year and statements and their resolutions of such issues highlighted in their report to the Audit Committee;
- iv. Reviewed the reports for the internal audit function and considered the findings of internal audit reviews and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- v. Considered and recommended the re-appointment of Crowe Malaysia PLT as External Auditors and their audit fees of the Group to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit;
- vi. Reviewed the AC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendation to the Board for inclusion in the Annual Report;
- vii. Reviewed the related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were fair and reasonable, not detrimental to the minority shareholders and were in the best interests of the Company; and
- viii. Self-appraised the performance of the AC for the financial year ended 31 December 2018 and submit the evaluation to the Nomination and Remuneration Committee for assessment.

D. INTERNAL AUDIT FUNCTION

i. Appointment

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

ii. Internal audit activities

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

a. Internal Audit Plan for the Group

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

D. INTERNAL AUDIT FUNCTION (CONT'D)

ii. Internal audit activities (cont'd)

b. Regular Internal Audit Reports

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

c. Follow-up Reports

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

iii. Total costs incurred for the financial year

The total costs incurred for the internal audit function of the Group for the financial year ended 31 December 2019 was RM42,435.19.

iv. Review of internal audit function

For the financial year ended 31 December 2019, the AC is satisfied that the independence of the internal audit function have been maintained as adequate safeguards are in place. Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

The Board is pleased to provide the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2019. This has been prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance ("MCCG") and "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

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

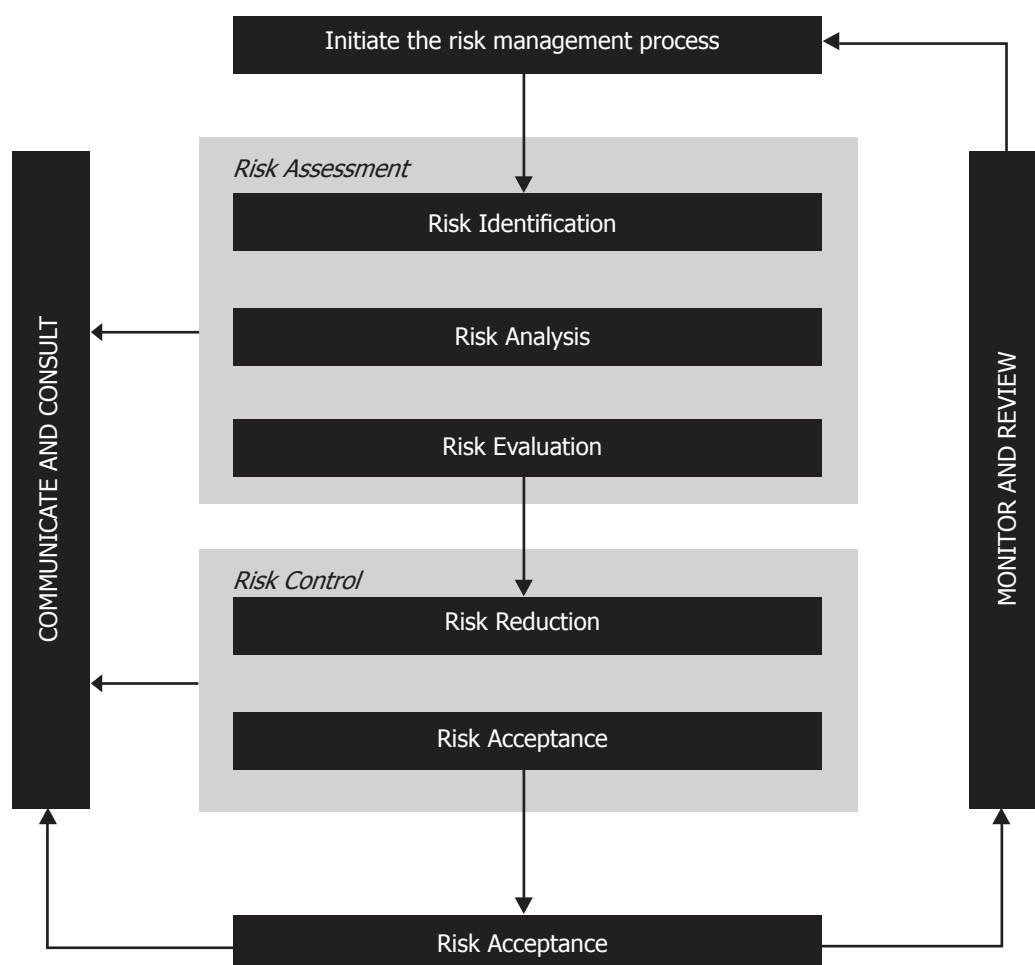
RISK MANAGEMENT FRAMEWORK (CONT'D)

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

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

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

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



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

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

INTERNAL AUDIT FUNCTION

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

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

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

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

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

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

During the financial year ended 31 December 2019, four (4) internal audit reviews and two (2) follow-up reviews had been carried out and reported by Internal Auditors:

Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 st Quarter (January – March 2019)	May 2019	<ul style="list-style-type: none">• Radiant Globaltech Berhad	<ul style="list-style-type: none">• Project Management
2 nd Quarter (April – June 2019)	August 2019	<ul style="list-style-type: none">• Radiant Global ADC Sdn. Bhd.• Radiant Global Solutions Sdn. Bhd.	<ul style="list-style-type: none">• Sales and Marketing• Customer Services
3 rd Quarter (July – September 2019)	November 2019	<ul style="list-style-type: none">• Radiant Global Solutions Sdn. Bhd.	<ul style="list-style-type: none">• Management Information Services• Research and Development <p>Follow-up actions on previously reported audit findings.</p>

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

INTERNAL AUDIT FUNCTION (CONT'D)

Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
4 th Quarter (October – December 2019)	February 2020	<ul style="list-style-type: none"> Radiant Globaltech Berhad 	<ul style="list-style-type: none"> Project Management and Quality Assurance Research and Development Management Information Services/ Information Technology <p>Follow-up actions on previously reported audit findings.</p>

INTERNAL CONTROL

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

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

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

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

- Organisational and Reporting Structure

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

- Policies and Procedures

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

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

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

INTERNAL CONTROL (CONT'D)

- Internal Audit Function

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

ASSURANCE

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required under Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants (MIA).

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the MCCG to be set out, nor is it factually inaccurate.

CONCLUSION

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

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

The status of the utilisation of the proceeds as at 31 December 2019 is as follows:

No.	Purpose	Proposed Utilisation RM'000	%	Deviation RM'000	Actual Utilisation(1) RM'000	Unutilised Balance RM'000	Intended Timeframe for Utilisation (from the listing date)
i.	Business and capital expansion	11,600	39.38%	–	1,684	9,916	Within 24 months
ii.	Working capital	4,757	16.15%	417	2,058	3,116	Within 24 months
iii.	Expansion of retail software business	3,000	10.18%	–	515	2,485	Within 24 months
iv.	Repayment of bank borrowings	6,601	22.41%	(132)	6,469	–	Within 6 months
v.	Estimated listing expenses	3,500	11.88%	(285)	3,215	–	Within 3 months
Total		29,458		0.00	13,941	15,517	

Note

(1) Actual utilisation as at 31 December 2019.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the financial year ended 31 December 2019 ("FYE 2019") are as follows:-

No.	Type of Services	Fee (RM)	
		Company RM'000	Group RM'000
i.	Audit		
	- Current Year	62	140
	- Under-provision in prior year	6	6
ii.	Non-audit	6	6
Total		74	152

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

There were no material contracts involving the interest of the Directors and major shareholders entered into by the Group during the financial year under review.

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

The list of recurrent related party transactions of revenue or trading nature entered into by the Group is disclosed in Note 38 to the Financial Statements for the FYE 2019 on pages 111 and 112 of this Annual Report. For the FYE 2019, no shareholder mandate was sought for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN THE PREPARATION OF FINANCIAL STATEMENTS

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

In preparing the financial Statements for the financial year ended 31 December 2019, the Directors have:-

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

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

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



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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	5,880,599	2,020,889
Attributable to:-		
Owners of the Company	5,596,019	2,020,889
Non-controlling interest	284,580	–
	5,880,599	2,020,889

DIVIDEND

On 28 November 2019, the Company declared a first interim single-tier dividend of 0.1 sen per ordinary share amounting to RM525,200 in respect of the financial year ended 31 December 2019, payable on 8 January 2020, to shareholders whose names appeared in the record of depositors on 18 December 2019.

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

DIRECTORS' REPORT (cont'd)

ITEMS OF AN UNUSUAL NATURE (CONT'D)

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

DIRECTORS

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

Yap Ban Foo
Yap Sin Sang
Dato' Siow Kim Lun @ Siow Kim Lin
Tevanaigam Randy Chitty
Mashitah Binti Osman
Yap Poh Keong (Resigned on 28.2.2019)

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

Tran Phu Vinh
Chong Jen Tsin (Resigned on 1.6.2020)
Tan Chuan Hock (Appointed on 10.6.2019 and resigned on 26.11.2019)
Lim Kiat Hin (First director)
Ong Eng Hu (First director)
Wong Wei Ming (First director)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
<i>Direct Interests</i>				
Dato' Siow Kim Lun @ Siow Kim Lin	500,000	—	—	500,000
Tevanaigam Randy Chitty	500,000	400,000	—	900,000
Mashitah Binti Osman	100,000	—	—	100,000
<i>Indirect Interests</i>				
Yap Ban Foo*	168,732,800	2,500,000	—	171,232,800
Yap Sin Sang#	136,963,200	2,500,000	—	139,463,200

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

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

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

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

Signed in accordance with a resolution of the directors dated 16 June 2020.

Yap Ban Foo

Yap Sin Sang

STATEMENT BY DIRECTORS

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

We, Yap Ban Foo and Yap Sin Sang, being two of the directors of Radiant Globaltech Berhad, state that, in the opinion of the directors, the financial statements set out on pages 58 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 16 June 2020.

Yap Ban Foo

Yap Sin Sang

STATUTORY DECLARATION

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

I, Lee Sook Kuan, MIA Membership Number: 40568, being the officer primarily responsible for the financial management of Radiant Globaltech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lee Sook Kuan,
at Kuala Lumpur
in the Federal Territory
on this 16 June 2020

Lee Sook Kuan

Before me

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Radiant Globaltech Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 134.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

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

Impairment assessment of intangible assets	
Refer to Note 9 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2019, the carrying amount of the Group's intangible assets amounted to approximately RM2.3 million.</p> <p>We focused on this area due to the significant amount of the intangible assets, and the assumptions and judgements involved in determining the useful life and impairment assessment.</p> <p>Based on the impairment test performed, the directors concluded that no impairment is required for intangible assets.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none">(a) Reviewed management's estimate of the recoverable amount and test of the cash flows forecast for their accuracy;(b) Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount;(c) Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business and trend analysis; and(d) Performed sensitivity analysis over the key assumptions to understand the impact of changes over the valuation model.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.
(cont'd)

Recoverability of trade receivables	
Refer to Note 12 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The trade receivables of the Group amounted to approximately RM31.0 million of which approximately RM9.5 million exceeded their credit terms.</p> <p>Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.</p> <p>We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> (a) Obtained an understanding of:- <ul style="list-style-type: none"> • the Group's control over the trade receivables collection process; • how the Group identifies and assesses the impairment of trade receivables; and • how the Group makes the accounting estimates for impairment. (b) Reviewed the ageing analysis of trade receivables and tested its reliability; (c) Reviewed subsequent cash collections for major trade receivables and overdue amounts; (d) Made inquiries of management regarding the action plans to recover overdue amounts; (e) Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; (f) Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and (g) Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RADIANT GLOBALTECH BERHAD

(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

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

Elvina Tay Choon Choon
03329/10/2021 J
Chartered Accountant

Kuala Lumpur
16 June 2020

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	—	—	17,256,001	15,206,001
Investment in an associate	6	—	—	—	—
Property, plant and equipment	7	1,096,820	11,166,787	373,906	3,122,782
Right-of-use assets	8	11,499,813	—	4,281,044	—
Intangible assets	9	2,303,790	—	—	—
Deferred tax assets	10	925,824	611,617	—	63,000
		15,826,247	11,778,404	21,910,951	18,391,783
CURRENT ASSETS					
Inventories	11	5,641,542	6,078,815	—	—
Trade receivables	12	31,057,180	13,187,700	1,646,833	2,549,820
Other receivables, deposits and prepayments	13	3,128,371	5,061,313	341,659	2,303,617
Amount owing by subsidiaries	14	—	—	4,964,366	5,249,712
Amount owing by related parties	15	—	186,913	—	—
Current tax assets		1,680,131	1,972,084	—	233,843
Short-term investment	16	2,088,610	2,017,591	—	—
Fixed deposits with licensed banks	17	18,788,854	18,610,774	17,656,072	17,052,932
Cash and bank balances		18,530,982	15,005,469	8,102,385	6,199,287
		80,915,670	62,120,659	32,711,315	33,589,211
Non-current assets classified as held for sale	18	—	202,039	—	500,000
		80,915,670	62,322,698	32,711,315	34,089,211
TOTAL ASSETS		96,741,917	74,101,102	54,622,266	52,480,994

The annexed notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

(cont'd)

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	48,153,374	48,153,374	48,153,374	48,153,374
Merger deficit	20	(13,680,805)	(13,680,805)	–	–
Foreign exchange translation reserve	21	(245,372)	(233,546)	–	–
Retained profits		29,454,141	24,383,322	4,789,418	3,293,729
Equity attributable to owners of the Company		63,681,338	58,622,345	52,942,792	51,447,103
Non-controlling interest	5	884,580	–	–	–
TOTAL EQUITY		64,565,918	58,622,345	52,942,792	51,447,103
NON-CURRENT LIABILITIES					
Lease liabilities	22	392,471	–	–	–
Hire purchase payables	23	–	497,069	–	–
Term loan	24	758,721	1,414,846	–	–
Deferred revenue	25	474,741	586,241	–	–
Deferred tax liability	26	111,800	–	–	–
		1,737,733	2,498,156	–	–
CURRENT LIABILITIES					
Trade payables	27	16,554,413	4,009,811	372,524	350,350
Other payables and accruals	28	12,538,334	7,887,640	1,265,358	683,541
Amount owing to related parties	15	3,720	16,102	–	–
Amount owing to directors	29	106,452	161,636	–	–
Lease liabilities	22	440,406	–	–	–
Hire purchase payables	23	–	170,062	–	–
Term loan	24	640,970	591,992	–	–
Current tax liabilities		153,971	143,358	41,592	–
		30,438,266	12,980,601	1,679,474	1,033,891
TOTAL LIABILITIES		32,175,999	15,478,757	1,679,474	1,033,891
TOTAL EQUITY AND LIABILITIES		96,741,917	74,101,102	54,622,266	52,480,994

The annexed notes form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	30	81,959,339	61,875,937	6,483,653	4,838,367
COST OF SALES		(48,925,211)	(34,009,443)	(1,571,634)	(473,323)
GROSS PROFIT		33,034,128	27,866,494	4,912,019	4,365,044
OTHER INCOME		1,519,000	561,108	668,332	406,214
SELLING AND DISTRIBUTION EXPENSES		34,553,128	28,427,602	5,580,351	4,771,258
		(1,339,301)	(399,856)	(10,000)	(10,629)
ADMINISTRATIVE EXPENSES		(4,768,500)	(5,152,485)	(971,986)	(508,911)
STAFF COSTS		(18,609,391)	(16,320,722)	(2,153,332)	(1,743,964)
OTHER EXPENSES		(1,663,525)	(1,922,476)	(162,561)	(1,217,437)
FINANCE COSTS		(194,876)	(488,585)	–	(81,800)
NET (IMPAIRMENT LOSSES) / REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	31	(24,485)	186,369	(34,949)	(83,108)
SHARE OF NET LOSSES OF AN EQUITY ACCOUNTED ASSOCIATE		–	(140,032)	–	–
PROFIT BEFORE TAXATION	32	7,953,050	4,189,815	2,247,523	1,125,409
INCOME TAX EXPENSE	33	(2,072,451)	(1,191,536)	(226,634)	(24,211)
PROFIT AFTER TAXATION		5,880,599	2,998,279	2,020,889	1,101,198

The annexed notes form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

	Note	The Group 2019 RM	2018 RM	The Company 2019 RM	2018 RM
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
<u>Item that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(11,826)	6,830	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		5,868,773	3,005,109	2,020,889	1,101,198
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		5,596,019	2,998,279	2,020,889	1,101,198
Non-controlling interest		284,580	–	–	–
		5,880,599	2,998,279	2,020,889	1,101,198
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		5,584,193	3,005,109	2,020,889	1,101,198
Non-controlling interest		284,580	–	–	–
		5,868,773	3,005,109	2,020,889	1,101,198
EARNINGS PER SHARE (SEN)					
Basic	34	1.07	0.66		
Diluted	34	1.07	0.66		

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Note	← Non-distributable → Distributable				Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
		Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Retained Profits RM			
Balance at 1.1.2018		19,856,000	(13,680,805)	(240,376)	21,426,043	27,360,862	—	27,360,862
Effect of adoption of MFRS 9		—	—	—	(41,000)	(41,000)	—	(41,000)
Balance at 1.1.2018 (Restated)		19,856,000	(13,680,805)	(240,376)	21,385,043	27,319,862	—	27,319,862
Profit after taxation for the financial year		—	—	—	2,998,279	2,998,279	—	2,998,279
Other comprehensive income for the financial year:								
- Foreign currency translation differences		—	—	6,830	—	6,830	—	6,830
Total comprehensive income for the financial year		—	—	6,830	2,998,279	3,005,109	—	3,005,109
Contribution by owners of the Company:								
- Issuance of shares	19	28,297,374	—	—	—	28,297,374	—	28,297,374
Balance at 31.12.2018		48,153,374	(13,680,805)	(233,546)	24,383,322	58,622,345	—	58,622,345

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

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

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

	Note	Share Capital RM	Distributable Retained Profits RM	Total Equity RM
The Company				
Balance at 1.1.2018		19,856,000	2,192,531	22,048,531
Profit after taxation/Total comprehensive income for the financial year		–	1,101,198	1,101,198
Contribution by owners of the Company: - Issuance of shares	19	28,297,374	–	28,297,374
Balance at 31.12.2018/1.1.2019		48,153,374	3,293,729	51,447,103
Profit after taxation/Total comprehensive income for the financial year		–	2,020,889	2,020,889
Distribution to owners of the Company: - Dividend	36	–	(525,200)	(525,200)
Balance at 31.12.2019		48,153,374	4,789,418	52,942,792

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	7,953,050	4,189,815	2,247,523	1,125,409
Adjustments for:-				
Amortisation of intangible assets	556,977	—	—	—
Depreciation of property, plant and equipment	256,600	671,599	43,705	76,963
Depreciation of right-of-use assets	687,369	—	71,243	—
Interest income	(860,599)	(526,777)	(667,557)	(405,977)
Unrealised loss/(gain) on foreign exchange	93,696	30,817	(775)	(237)
Interest expense on lease liabilities	60,068	—	—	—
Interest expenses	134,808	488,585	—	81,800
Impairment losses on trade receivables	72,737	144,079	34,949	83,108
Listing expenses	—	1,096,032	—	1,096,032
Write-off of trade receivables	—	5,788	—	—
Share of net losses of an equity accounted associate	—	140,032	—	—
Inventories written down	1,142,770	466,109	—	—
Reversal of impairment losses on trade receivables	(48,252)	(330,448)	—	—
Gain on disposal of an associate	(297,961)	—	—	—
Waiver of amount owing to a director	(247,445)	—	—	—
Operating profit before working capital changes	9,503,818	6,375,631	1,729,088	2,057,098
(Increase)/Decrease in inventories	(705,497)	3,153,121	—	—
(Increase)/Decrease in trade and other receivables	(15,738,354)	6,630,658	2,999,075	(3,019,666)
Increase/(Decrease) in trade and other payables	16,524,097	(9,159,698)	78,791	390,839
Decrease/(Increase) in amount owing by subsidiaries	—	—	285,346	(4,212,356)
Decrease in amount owing to subsidiaries	—	—	—	(79,500)
Decrease/(Increase) in amount owing by related parties	186,913	(133,977)	—	—
Decrease in amount owing to related parties	(16,202)	(32,913)	—	—
CASH FROM/(FOR) OPERATIONS	9,754,775	6,832,822	5,092,300	(4,863,585)
Income tax paid	(2,871,609)	(2,405,748)	(154,832)	(13,808)
Income tax refund	898,862	—	266,633	—
NET CASH FROM/(FOR) OPERATING ACTIVITIES	7,782,028	4,427,074	5,204,101	(4,877,393)

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

		The Group		The Company	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FOR					
INVESTING ACTIVITIES					
Acquisition of subsidiaries	35(b)	(2,046,750)	–	(2,050,000)	–
Proceeds from disposal of an associate		500,000	–	500,000	–
Purchase of property, plant and equipment		(165,123)	(732,553)	(44,496)	(386,399)
Purchase of right-of-use assets	37(a)	(1,602,620)	–	(1,602,620)	–
Interest received		692,295	526,777	499,253	231,232
Placement of fixed deposits with tenure more than 3 months		(1,079,140)	(11,000,000)	(405,574)	(11,000,000)
(Increase)/Decrease in pledged fixed deposits with licensed banks		(17,284)	505,880	–	–
NET CASH FOR INVESTING ACTIVITIES		(3,718,622)	(10,699,896)	(3,103,437)	(11,155,167)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Interest paid	37(b)	(194,876)	(488,585)	–	(81,800)
Repayment of term loan	37(b)	(607,147)	(7,364,553)	–	(2,482,925)
Proceeds from issuance of ordinary shares		–	29,458,400	–	29,458,400
Payment of listing expenses		–	(1,948,287)	–	(1,948,286)
Repayment of lease liabilities	37(b)	(438,954)	–	–	–
(Repayment to)/Advances from directors	37(b)	(66,310)	161,636	–	–
Repayment of hire purchase obligations	37(b)	–	(161,593)	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,307,287)	19,657,018	–	24,945,389
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,756,119	13,384,196	2,100,664	8,912,829
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(77,931)	(53,847)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		24,191,902	10,861,553	12,252,219	3,339,390
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	26,870,090	24,191,902	14,352,883	12,252,219

The annexed notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 June 2020.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. There are new classification of leasehold land and building, office buildings and motor vehicles as right-of-use assets as disclosed in Note 8 to the financial statements. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

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

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 7 and 8 to the financial statements.

(b) Amortisation of Intangible Assets

The estimates for the residual values, useful lives and related amortisation charges for the intangible assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its intangible assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of intangible assets as at the reporting date is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (cont'd)

(c) Impairment of Intangible assets

The Group determines whether intangible assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of intangible assets as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Write-down of Inventories

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

(e) Impairment of Trade Receivables, Amount Owning By Subsidiaries and Related Parties

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amounts of trade receivables. The carrying amounts of trade receivables, amount owing by subsidiaries and related parties as at the reporting date are disclosed in Notes 12, 14 and 15 to the financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 13 and 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (cont'd)

(g) Income Taxes

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax assets	1,680,131	1,972,084	–	233,843
Current tax liabilities	153,971	143,358	41,592	–

(h) Deferred Tax Assets

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

(i) Purchase Price Allocation

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

Critical Judgements Made in Applying Accounting Policies

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

(a) Lease Terms

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (cont'd)

(b) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 31 December 2019.

4.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Merger Accounting for Common Control Business Combinations

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

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

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

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

(c) Non-controlling Interests

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

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

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

(e) Loss of Control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

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

(c) Foreign Operations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (cont'd)

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

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

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

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

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

The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES (COTN'D)

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Leasehold land and building	Not applicable (2018 - 75 years)
Office buildings	Not applicable (2018 - 2%)
Motor vehicles	16% - 20%
Furniture and fittings	10% - 25%
Office equipment	20% - 33%
Renovation	10%
Computers	33%

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INTANGIBLE ASSET

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

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

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

4.9 LEASES

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

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

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

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

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

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

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

Accounting Policies Applied Until 31 December 2018 (Cont'd)

(a) Finance Leases (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

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

4.10 INVENTORIES

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

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

4.11 CASH AND CASH EQUIVALENTS

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

4.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

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

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.15 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 OPERATING SEGMENTS

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

4.17 EARNINGS PER ORDINARY SHARE

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

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

4.18 BORROWING COSTS

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

4.19 DEFERRED REVENUE

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

4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

(a) Sale of Goods

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

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

(b) Rendering of Services

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

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	17,256,001	15,206,001

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Subsidiaries of the Company				
Radiant Global ADC Sdn. Bhd. ("RGM")	Malaysia	100	100	Trading in retail technology hardware, provision of maintenance and technical support services, and investment holding.
Radiant Global Solutions Sdn. Bhd.	Malaysia	100	100	Provision of retail technology software solutions.
Infoconnect Commerce Sdn. Bhd. ("ICC")	Malaysia	100	–	Provision of computer consultancy, computer programming activities and wholesale of a variety of goods without any particular specialisation.
Adaptive POS Sdn. Bhd. ("ADP")	Malaysia	70	–	Provision of computer consultancy, computer programming activities and wholesale of a variety of goods without any particular specialisation.
Radiant Global ADC Cambo Pte. Ltd. [#]	Cambodia	100	100	Trading in retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.
Subsidiary of RGM				
Radiant Global ADC Vietnam Co., Ltd. [#]	Vietnam	100	100	Trading of retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.

Notes:-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) During the current financial year, the Company has acquired 100% equity interest in ICC and 70% equity interest in ADP. The details of the acquisition are disclosed in Note 35 to the financial statements.
- (b) The non-controlling interest at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2019	2018	2019	2018
	%	%	RM	RM
ADP	30	–	884,580	–

- (c) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interest that is material to the Group is as follows:-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unquoted shares, at cost	–	500,000	–	500,000
Share of post-acquisition losses	–	(297,961)	–	–
	–	202,039	–	500,000
Less: Carrying value reclassified to asset held for sale (Note 18)	–	(202,039)	–	(500,000)
	–	–	–	–

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2019 %	2018 %	
Symple Apps Sdn. Bhd.	Malaysia	–	20	Provision of mobile application software.

On 13 February 2019, the Group disposed of the entire shareholding of its associate, at its cost of RM500,000 resulting in a gain of RM297,961 which is recognised in the financial statements for the financial year ended 31 December 2019. The transfer of shares have been completed on 13 February 2019. Accordingly, the carrying value of the investment amounting to RM202,039 and RM500,000 of the Group and of the Company respectively was classified as non-current asset held for sale for the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	1.1.2019		As Restated RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2019 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM					
2019							
<i>Carrying Amount</i>							
Leasehold land and building	3,408,944	(3,408,944)	-	-	-	-	-
Office buildings	5,962,036	(5,962,036)	-	-	-	-	-
Motor vehicles	686,781	(607,159)	79,622	-	(19,051)	(308)	60,263
Furniture and fittings	337,072	-	337,072	2,822	(45,298)	(11)	294,585
Office equipment	176,393	-	176,393	83,027	(71,800)	(32)	187,588
Renovation	595,560	-	595,560	79,274	(120,451)	-	554,383
Computers	1	-	1	-	-	-	1
	11,166,787	(9,978,139)	1,188,648	165,123	(256,600)	(351)	1,096,820

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

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

The Group	At 1.1.2018 RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2018 RM
2018					
<i>Carrying Amount</i>					
Leasehold land and building	3,475,786	—	(66,842)	—	3,408,944
Office buildings	6,089,081	—	(127,045)	—	5,962,036
Motor vehicles	983,206	—	(295,594)	(831)	686,781
Furniture and fittings	131,823	236,444	(31,204)	9	337,072
Office equipment	137,061	87,289	(47,915)	(42)	176,393
Renovation	287,349	408,820	(100,609)	—	595,560
Computers	2,391	—	(2,390)	—	1
	11,106,697	732,553	(671,599)	(864)	11,166,787

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

2018			
Leasehold land and building	4,010,521	(601,577)	3,408,944
Office buildings	6,352,226	(390,190)	5,962,036
Motor vehicles	1,642,433	(955,652)	686,781
Furniture and fittings	447,084	(110,012)	337,072
Office equipment	375,814	(199,421)	176,393
Renovation	1,143,091	(547,531)	595,560
Computers	14,348	(14,347)	1
	13,985,517	(2,818,730)	11,166,787

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

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

The Company	1.1.2019		As Restated RM	Addition RM	Depreciation Charges RM	At 31.12.2019 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM				
2019						
Carrying Amount						
Office building	2,749,667	(2,749,667)	—	—	—	—
Furniture and fittings	196,133	—	196,133	—	(20,600)	175,533
Office equipment	389	—	389	—	(40)	349
Renovation	176,593	—	176,593	44,496	(23,065)	198,024
	3,122,782	(2,749,667)	373,115	44,496	(43,705)	373,906

The Company	At 1.1.2018 RM	Additions RM	Depreciation Charges RM	At 31.12.2018 RM
2018				
<i>Carrying Amount</i>				
Office building	2,807,555	—	(57,888)	2,749,667
Furniture and fittings	—	206,000	(9,867)	196,133
Office equipment	—	399	(10)	389
Renovation	5,791	180,000	(9,198)	176,593
	2,813,346	386,399	(76,963)	3,122,782

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Furniture and fittings	206,000	(30,467)	175,533
Office equipment	399	(50)	349
Renovation	230,646	(32,622)	198,024
	437,045	(63,139)	373,906
2018			
Office building	2,894,387	(144,720)	2,749,667
Furniture and fittings	206,000	(9,867)	196,133
Office equipment	399	(10)	389
Renovation	186,150	(9,557)	176,593
	3,286,936	(164,154)	3,122,782

- (a) In the previous financial year, included in the property, plant and equipment of the Group were motor vehicles with a carrying amount of RM607,162, which were acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 23 to the financial statements.
- (b) In the previous financial year, the leasehold land and building and office buildings of the Group and of the Company had been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.
- (c) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicle held in trust by a director with a carrying amount of RM1 (2018 - RM1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

8. RIGHT-OF-USE ASSETS

The Group	1.1.2019		As Restated RM	Additions RM	Depreciation Charges RM	Exchange Fluctuation Differences RM	At 31.12.2019 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM					
2019							
<i>Carrying Amount</i>							
Leasehold land and building	-	3,408,944	3,408,944	-	(66,842)	-	3,342,102
Office buildings	-	5,962,036	5,962,036	1,602,620	(140,400)	-	7,424,256
Offices	-	-	-	604,700	(280,909)	1,723	325,514
Motor vehicles	-	607,159	607,159	-	(199,218)	-	407,941
	-	9,978,139	9,978,139	2,207,320	(687,369)	1,723	11,499,813
Analysed by:-							RM
Costs							13,946,954
Accumulated depreciation							(2,447,141)
							11,499,813

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

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

The Company	1.1.2019		As Restated RM	Addition RM	Depreciation Charges RM	At 31.12.2019 RM
	As Previously Reported RM	Application of MFRS 16 Initial RM				
2019						
<i>Carrying Amount</i>						
Office buildings	-	2,749,667	2,749,667	1,602,620	(71,243)	4,281,044
Analysed by:-						RM
Costs						4,497,007
Accumulated depreciation						(215,963)
						<u>4,281,044</u>

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

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

- (a) The Group and the Company leases leasehold land and building, office buildings, offices, motor vehicles and various office of which the leasing activities are summarised below:-
- (i) Leasehold land and building
The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 75 years with no renewal or purchase option included in the agreement. The lease do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
 - (ii) Office buildings
The Group has entered into 4 non-cancellable operating lease agreements for the use of office buildings. The leases are for a period of 99 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the office building. A tenancy is, however, allowed with the consent of the lessor.
 - (iii) Offices
The Group has leased a number of offices that run between 1 year and 3 years, with an option to renew the lease after that date. The Group is not allowed to sublease certain offices.
 - (iv) Motor vehicles
The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (b) The leasehold land and building and certain office buildings of the Group and of the Company have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

9. INTANGIBLE ASSETS

	The Group	
	2019 RM	2018 RM
Cost:-		
At 1 January	—	—
Acquisition through business combination (Note 35)	2,860,767	—
At 31 December	2,860,767	—
Accumulated amortisation:-		
At 1 January	—	—
Amortisation during the financial year (Note 32)	(556,977)	—
At 31 December	(556,977)	—
	2,303,790	—

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

10. DEFERRED TAX ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	611,617	490,548	63,000	–
Recognised in profit or loss (Note 33)	314,472	119,940	(63,000)	63,000
Exchange fluctuation difference	(265)	1,129	–	–
At 31 December	925,824	611,617	–	63,000

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

11. INVENTORIES

	The Group	
	2019 RM	2018 RM
Finished goods	5,419,456	6,025,820
Goods-in-transit	222,086	52,995
	5,641,542	6,078,815
Recognised in profit or loss:-		
Inventories recognised as cost of sales	43,383,008	32,815,324
Inventories written down	1,142,770	466,109
Reversal of inventories previously written down	(71,895)	(129,047)

12. TRADE RECEIVABLES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables	29,994,842	13,139,358	1,341,338	2,235,231
Unbilled receivables	1,525,235	511,860	423,552	397,697
	31,520,077	13,651,218	1,764,890	2,632,928
Allowance for impairment losses	(462,897)	(463,518)	(118,057)	(83,108)
	31,057,180	13,187,700	1,646,833	2,549,820

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

12. TRADE RECEIVABLES (CONT'D)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Allowance for impairment losses:-				
At 1 January:				
- As previously reported	(463,518)	(682,226)	(83,108)	–
- Effects on adoption of MFRS 9	–	(41,000)	–	–
- Amount reported under MFRS 9	(463,518)	(723,226)	(83,108)	–
Addition during the financial year (Note 31)	(72,737)	(144,079)	(34,949)	(83,108)
Reversal during the financial year (Note 31)	48,252	330,448	–	–
Written off during the financial year	25,106	73,339	–	–
At 31 December	(462,897)	(463,518)	(118,057)	(83,108)

(a) The Group's normal trade credit terms range from 7 to 60 days (2018 - 7 to 60 days) and the Company's normal trade credit terms range from 7 to 30 days (2018 - 7 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

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

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables:-				
Third parties	210,982	2,254,314	168,304	2,224,745
Advances to suppliers	10,483	90,008	–	–
Goods and services tax recoverable	51,653	7,858	695	695
	273,118	2,352,180	168,999	2,225,440
Deposits	1,313,682	1,702,008	44,781	41,670
Prepayments	1,541,571	1,007,125	127,879	36,507
	3,128,371	5,061,313	341,659	2,303,617

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

14. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Trade balance	—	195,461
Non-trade balance	4,964,366	5,054,251
	4,964,366	5,249,712

- (a) In the previous financial year, the trade balance was subject to the normal trade credit term of 30 days. The amount owing was settled in cash.
- (b) The non-trade balance is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

15. AMOUNTS OWING BY/(TO) RELATED PARTIES

The amounts owing are trade in nature and subject to the normal trade credit term of 30 days (2018 - 30 days). The amounts owing are to be settled in cash.

16. SHORT-TERM INVESTMENT

The short-term investment is investment in money market fund. This investment represents the Group's investment in United Islamic Cash Management Fund which is designed to provide investors with a stream of income and are managed with the aim of maintaining the fund's unit price at RM1. The redemption proceeds for investment in United Islamic Cash Management Fund will normally be collected by the next business day.

The Group considered the investment in United Islamic Cash Management Fund represent investment in highly liquid money market instruments which are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

17. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 3.00% to 3.80% (2018 - 3.15% to 4.10%) per annum and 3.00% to 3.80% (2018 - 3.50% to 4.10%) per annum respectively. The fixed deposits have maturity periods ranging from 92 to 365 (2018 - 61 to 365) days and 92 to 365 (2018 - 61 to 365) days for the Group and for the Company respectively.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM459,216 (2018 - RM441,932) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 13 February 2019, the Group disposed of the entire shareholding of its associate, at its cost of RM500,000 resulting in a gain of RM297,961 which is recognised in the financial statements for the financial year ended 31 December 2019. The transfer of shares has been completed on 13 February 2019. Accordingly, the carrying value of the investment amounting to RM202,039 and RM500,000 of the Group and of the Company respectively was classified as non-current asset held for sale for the financial year ended 31 December 2018.

19. SHARE CAPITAL

	2019	The Group/The Company		2018
	Number of Shares	2018	2019	2018
			RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 January	525,200,000	397,120,000	48,153,374	19,856,000
Issuance of new shares	–	128,080,000	–	28,297,374
At 31 December	525,200,000	525,200,000	48,153,374	48,153,374

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) In the previous financial year, the Company increased its issued and paid-up share capital from RM19,856,000 to RM48,153,374 by way of the issuance of 128,080,000 new ordinary shares at an issue price of RM0.23 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM29,458,400. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,161,026 was offset against share capital and the remaining listing expenses of RM1,096,032 was expensed off to profit or loss.

20. MERGER DEFICIT

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

21. FOREIGN EXCHANGE TRANSLATION RESERVE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

22. LEASE LIABILITIES

	The Group 2019 RM
At 1 January	
- As previously stated	—
- Initial application of MFRS 16	667,131
- As restated	667,131
Addition during the financial year	604,700
Interest expense recognised in profit or loss (Note 32)	60,068
Repayment of principal	(438,954)
Repayment of interest expense	(60,068)
At 31 December	832,877
Analysed by:-	
Current liabilities	440,406
Non-current liabilities	392,471
	832,877

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 8(a)(iv) to the financial statements, with lease terms ranging from 3 to 4 years and bear effective interest rates ranging from 4.64% to 4.97%.

23. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2018 RM
Minimum hire purchase payments:	
- not later than 1 year	198,192
- later than 1 year and not later than 5 years	531,226
	729,418
Less: Future finance charges	(62,287)
Present value of hire purchase payables	667,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

23. HIRE PURCHASE PAYABLES (SECURED) (CONT'D)

	The Group 2018 RM
Analysed by:-	
Current liabilities	170,062
Non-current liabilities	497,069
	667,131

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 22 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles under finance leases as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements were expiring from 4 to 5 years.
- (c) In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.64% to 4.97%. The interest rates were fixed at the inception of the hire purchase arrangements.

24. TERM LOAN (SECURED)

	2019 RM	The Group 2018 RM
Current liabilities	640,970	591,992
Non-current liabilities	758,721	1,414,846
	1,399,691	2,006,838

- (a) The term loan is secured by a first legal charge over the properties of the Group as disclosed in Note 8 (2018 - Note 7) to the financial statements.
- (b) The interest rate profiles of the term loan is summarised below:-

	Effective Interest Rate 2019 %	2018 %	2019 RM	The Group 2018 RM
Floating rate term loan	8.17	7.92	1,399,691	2,006,838

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

25. DEFERRED REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current liabilities (Note 28)	4,658,338	2,952,851	–	73,115
Non-current liabilities	474,741	586,241	–	–
	5,133,079	3,539,092	–	73,115

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	3,539,092	3,430,629	73,115	–
Revenue recognised in profit or loss during the financial year	(27,603,980)	(15,713,958)	(6,483,653)	(4,838,367)
Billings to customers during the financial year	29,201,228	15,818,624	6,410,538	4,911,482
Exchange fluctuation differences	(3,261)	3,797	–	–
At 31 December	5,133,079	3,539,092	–	73,115

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations is RM5,133,079 and Nil (2018 - RM3,539,092 and RM73,115) for the Group and the Company respectively. These remaining performance obligations are expected to be recognised as below:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Within 1 year	4,658,338	2,952,851	–	73,115
Between 1 and 2 years	248,641	380,850	–	–
More than 2 years	226,100	205,391	–	–
	5,133,079	3,539,092	–	73,115

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

26. DEFERRED TAX LIABILITY

	The Group	
	2019 RM	2018 RM
At 1 January	–	–
Recognised in profit or loss (Note 33)	111,800	–
At 31 December	111,800	–

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

27. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 60 days (2018 - 7 to 60 days) and the normal trade credit term granted to the Company is 60 days (2018 - 60 days).

28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables:-				
Third parties	386,560	610,020	54,020	64,718
Advances from customers	199,550	682,976	44,796	22,901
Good and services tax payable and value-added tax	114,075	61,401	–	–
Sales and services tax payable	268,857	141,514	98,781	67,850
	969,042	1,495,911	197,597	155,469
Accruals	6,096,248	3,424,101	540,258	452,884
Deposits received	289,506	14,777	2,303	2,073
Deferred revenue (Note 25)	4,658,338	2,952,851	–	73,115
Dividend payable	525,200	–	525,200	–
	12,538,334	7,887,640	1,265,358	683,541

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

29. AMOUNT OWING TO DIRECTORS

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

30. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Hardware	52,165,889	40,065,698	–	–
Retail software solutions	15,934,606	8,512,138	6,483,653	4,838,367
Maintenance and technical support services	13,858,844	13,298,101	–	–
	81,959,339	61,875,937	6,483,653	4,838,367

The other information on the disaggregation of revenue is disclosed in Note 39 to the financial statements.

31. NET (IMPAIRMENT LOSSES)/ REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment losses on trade receivables (Note 12)	(72,737)	(144,079)	(34,949)	(83,108)
Reversal of impairment losses on trade receivables (Note 12)	48,252	330,448	–	–
	(24,485)	186,369	(34,949)	(83,108)

32. PROFIT BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees:				
- current year	140,000	157,685	62,000	51,000
- under provision	6,486	–	6,000	–
- non-audit fees	6,000	6,000	6,000	6,000
Amortisation of intangible assets	556,977	–	–	–
Commission expenses	1,127,070	312,738	–	–
Depreciation of property, plant and equipment	256,600	671,599	43,705	76,963
Depreciation of right-of-use assets	687,369	–	71,243	–
Director's fee	159,300	67,300	111,300	67,300

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(cont'd)

32. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging/(crediting) (cont'd):-				
Directors' non-fee emoluments:				
- salaries, bonuses, incentives, allowances and other benefits	2,398,209	2,230,954	168,550	217,269
- defined contribution plans	227,052	208,080	19,392	25,740
Inventories written down	1,142,770	466,109	-	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- term loan	134,808	431,127	-	81,800
- hire purchase payables	-	36,599	-	-
- bankers' acceptances	-	20,859	-	-
Interest expense on lease liabilities (Note 22)	60,068	-	-	-
Listing expenses	-	1,096,032	-	1,096,032
Loss/(Gain) on foreign exchange:				
- realised	67,904	117,652	47,613	44,442
- unrealised	93,696	30,817	(775)	(237)
Petrol expenses	781,075	846,913	14,427	6,841
Professional fees	476,677	280,639	327,742	112,000
Rental expenses	136,557	376,339	60,000	60,000
Staff costs (including other key management personnel as disclosed in Note 38(c)):				
- salaries, bonuses, incentives, allowances and other benefits	14,253,232	12,424,555	1,650,482	1,290,753
- defined contribution plans	1,571,598	1,389,833	203,608	142,902
Write-off of trade receivables	-	5,788	-	-
Gain on disposal of an associate	(297,961)	-	-	-
Interest income	(860,599)	(526,777)	(667,557)	(405,977)
Reversal of inventories previously written down	(71,895)	(129,047)	-	-
Waiver of amount owing to a director	(247,445)	-	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM51,950 (2018 - RM63,050).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

33. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax:				
- for the financial year	2,194,978	1,097,834	160,200	94,000
- under/(over) provision in the previous financial year	80,145	213,642	3,434	(6,789)
	2,275,123	1,311,476	163,634	87,211
Deferred tax (Notes 10 and 26):				
- origination and reversal of temporary differences	(222,112)	(12,900)	63,000	(63,000)
- over/(under) provision of deferred taxation in the previous financial year	19,440	(107,040)	—	—
	(202,672)	(119,940)	63,000	(63,000)
	2,072,451	1,191,536	226,634	24,211

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	7,953,050	4,189,815	2,247,523	1,125,409
Tax at the statutory tax rate of 24%	1,908,732	1,005,556	539,406	270,098
Tax effects of:-				
Differential in tax rates	(38,137)	(10,283)	—	—
Tax-exempt income	(436,137)	(473,393)	(436,137)	(473,393)
Non-deductible expenses	179,128	504,864	105,051	234,295
Non-taxable gains	—	(64,218)	—	—
Deferred tax assets not recognised during the financial year	359,280	88,800	14,880	—
Share of net losses of an equity accounted associate	—	33,608	—	—
Over/(Under) provision of deferred tax in the previous financial year	19,440	(107,040)	—	—
Under/(Over) provision of current tax in the previous financial year	80,145	213,642	3,434	(6,789)
Income tax expense for the financial year	2,072,451	1,191,536	226,634	24,211

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(cont'd)

33. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - (per actual rate of tax computation) %) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The current taxation of the Company is in respect of interest income. The Company is not subject to tax as it has been granted the MSC Malaysia status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act 1986. The Company will enjoy full exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 9 December 2014 to 8 December 2019. The Company is in the midst of applying the extension for another 5 years.

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax liabilities:				
- Accelerated capital allowances	(517,000)	(719,000)	(32,000)	(52,000)
- Others	(1,000)	(24,000)	(1,000)	(8,000)
	(518,000)	(743,000)	(33,000)	(60,000)
Deferred tax assets:				
- Inventories written down	2,439,000	1,368,000	—	—
- Impairment losses on trade receivables	463,000	464,000	118,000	83,000
- Others	577,000	375,000	—	—
	3,479,000	2,207,000	118,000	83,000
	2,961,000	1,464,000	85,000	23,000

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

34. EARNINGS PER SHARE

	The Group	
	2019	2018
Profit after taxation attributable to owners of the Company (RM)	5,596,019	2,998,279
Weighted average number of ordinary shares in issue	525,200,000	453,615,562
Basic earnings per share (Sen)	1.07	0.66

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

35. ACQUISITION OF SUBSIDIARIES

On 7 January 2019, the Company acquired 100% and 70% equity interests in Infoconnect Commerce Sdn. Bhd. ("ICC") and Adaptive POS Sdn. Bhd. ("ADP") respectively for a total cash consideration of RM2,050,000.

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

(a) Identifiable Assets Acquired and Liabilities Assumed

	ICC 2019 RM	ADP 2019 RM	The Group 2019 RM
Intangible assets	607,833	2,252,934	2,860,767
Trade and other receivables	81,864	–	81,864
Cash and bank balances	2,788	462	3,250
Trade and other payables	(13,940)	(23,370)	(37,310)
Amount owing to a director	(28,545)	(230,026)	(258,571)
Net identifiable assets acquired	650,000	2,000,000	2,650,000
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets	–	(600,000)	(600,000)
Fair value of net identifiable assets acquired	650,000	1,400,000	2,050,000

(b) Cash Flows Arising from Acquisition

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

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

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

	The Group 2019 RM
Revenue	2,514,588
Profit after taxation	1,044,255

There were no acquisition of new subsidiaries in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

36. DIVIDEND

	The Group/The Company 2019 RM	2018 RM
First interim single-tier dividend of 0.1 sen (2018 - Nil) per ordinary share in the current financial year	525,200	–

37. CASH FLOW INFORMATION

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

	The Group 2019 RM	The Company 2019 RM
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	2,207,320	1,602,620
Less: Addition of new lease liabilities (Note 37(b))	(604,700)	–
	1,602,620	1,602,620

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

37. CASH FLOW INFORMATION (CONT'D)

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

The Group	Amount owing to directors RM	Bankers' acceptances RM	Term loan RM	Hire purchase payables RM	Leases liabilities RM	Total RM
2019						
At 1 January, as previously reported	161,636	-	2,006,838	667,131	-	2,835,605
Effects on adoption of MFRS 16	-	-	-	(667,131)	667,131	-
At 1 January, as restated	161,636	-	2,006,838	-	667,131	2,835,605
Changes in Financing Cash Flows						
Repayment	(66,310)	-	-	-	-	(66,310)
Repayment of borrowing principal	-	-	(607,147)	-	(438,954)	(1,046,101)
Repayment of borrowing interests	-	-	(134,808)	-	(60,068)	(194,876)
Non-cash Changes						
Acquisition of subsidiaries (Note 35)	(66,310)	-	(741,955)	-	(499,022)	(1,307,287)
Acquisition of new leases	258,571	-	-	-	-	258,571
Finance charges recognised in profit or loss (Note 32)	-	-	134,808	-	60,068	194,876
Waiver of amount owing to a director	(247,445)	-	-	-	-	(247,445)
At 31 December	106,452	-	1,399,691	-	832,877	2,339,020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

37. CASH FLOW INFORMATION (CONT'D)

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

The Group	Amount owing to directors RM	Bankers' acceptances RM	Term loan RM	Hire purchase payables RM	Leases liabilities RM	Total RM
2018						
At 1 January	–	–	9,371,391	828,724	–	10,200,115
<u>Changes in Financing Cash Flows</u>						
Advances	161,636	–	–	–	–	161,636
Proceeds from drawdown	–	2,254,000	–	–	–	2,254,000
Repayment of borrowing principal	–	(2,254,000)	(7,364,553)	(161,593)	–	(9,780,146)
Repayment of borrowing interests	–	(20,859)	(431,127)	(36,599)	–	(488,585)
	161,636	(20,859)	(7,795,680)	(198,192)	–	(7,853,095)
<u>Non-cash Changes</u>						
Finance charges recognised in profit or loss (Note 32)	–	20,859	431,127	36,599	–	488,585
At 31 December	161,636	–	2,006,838	667,131	–	2,835,605

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

37. CASH FLOW INFORMATION (CONT'D)

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

	Term loan RM
The Company	
2018	
At 1 January	2,482,925
<u>Changes in Financing Cash Flows</u>	
Repayment of borrowing principal	(2,482,925)
Repayment of borrowing interests	(81,800)
	(2,564,725)
<u>Non-cash Changes</u>	
Finance charges recognised in profit or loss (Note 32)	81,800
At 31 December	–

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term investment	2,088,610	2,017,591	–	–
Fixed deposits with licensed banks	18,788,854	18,610,774	17,656,072	17,052,932
Cash and bank balances	18,530,982	15,005,469	8,102,385	6,199,287
	39,408,446	35,633,834	25,758,457	23,252,219
Less:				
Fixed deposits pledged to licensed banks (Note 17(b))	(459,216)	(441,932)	–	–
Fixed deposits with tenure of more than 3 months	(12,079,140)	(11,000,000)	(11,405,574)	(11,000,000)
	26,870,090	24,191,902	14,352,883	12,252,219

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Payment of short-term leases	136,557	376,339	60,000	60,000
Interest paid on lease liabilities	60,068	–	–	–
Payment of lease liabilities	438,954	–	–	–
	635,579	376,339	60,000	60,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

38. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sales to a subsidiary	–	–	23,080	681,007
Purchases from subsidiaries	–	–	–	11,536
Purchases from an associate	–	154,089	–	–
Advances paid to subsidiaries	–	–	851,663	5,937,125
Rental expenses to a subsidiary	–	–	60,000	60,000
<hr/>				
A related party of the entity in which certain directors have interests:-				
Purchases from related parties	–	20,046	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

38. RELATED PARTY DISCLOSURES (CONT'D)

(c) Key Management Personnel Compensation

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

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	111,300	67,300	111,300	67,300
- salaries, bonuses, incentives, allowances and others benefits	1,887,925	1,801,476	168,550	217,269
Defined contribution plans	215,352	208,080	19,392	25,740
	2,214,577	2,076,856	299,242	310,309
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	48,000	—	—	—
- salaries, bonuses, incentives, allowances and others benefits	510,284	429,478	—	—
Defined contribution plans	11,700	—	—	—
	569,984	429,478	—	—
Total directors' remuneration	2,784,561	2,506,334	299,242	310,309

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM51,950 (2018 - RM63,050).

	The Group	
	2019 RM	2018 RM
Other Key Management Personnel		
Short-term employee benefits	2,006,307	1,465,890
Defined contribution plans	235,603	173,653
	2,241,910	1,639,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

39. OPERATING SEGMENTS

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

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

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

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly current tax assets/liabilities, term loan and hire purchase payables.

39.1 BUSINESS SEGMENTS

	Hardware and Maintenance RM	Software RM	Group RM
2019			
Revenue			
External revenue	66,024,733	15,934,606	81,959,339
Inter-segment revenue	–	677,527	677,527
	66,024,733	16,612,133	82,636,866
Consolidation adjustments			(677,527)
Consolidated revenue			81,959,339
Represented by:-			
<u>Revenue recognised at a point of time</u>			
- Sale of Hardware	52,165,889	–	52,165,889
- Sale of Software	–	2,730,693	2,730,693
<u>Revenue recognised over time</u>			
- Sale of Maintenance	13,858,844	–	13,858,844
- Sale of Software	–	13,881,440	13,881,440
	66,024,733	16,612,133	82,636,866
Consolidation adjustments			(677,527)
			81,959,339

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2019			
Results			
Segment profit before interest and taxation	2,945,395	4,341,932	7,287,327
Interest income			860,599
Finance costs			(194,876)
Consolidated profit before taxation			7,953,050
Income tax expense			(2,072,451)
Consolidated profit after taxation			5,880,599
Segment profit includes the followings:-			
Interest income	(183,736)	(676,863)	(860,599)
Interest expenses	194,876	—	194,876
Depreciation and amortisation	813,671	687,275	1,500,946
Reversal of impairment losses on trade receivables	(26,477)	(21,775)	(48,252)
Impairment losses on trade receivables	37,788	34,949	72,737
Reversal of inventories previously written down	(71,895)	—	(71,895)
Inventories written down	1,142,770	—	1,142,770
Gain on disposal of an associate	—	(297,961)	(297,961)
Unrealised loss on foreign exchange	69,771	23,925	93,696
Staff costs	14,168,708	4,440,683	18,609,391

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2019			
Assets			
Segment assets	53,374,565	40,761,397	94,135,962
Unallocated assets:			
- deferred tax assets			925,824
- current tax assets			1,680,131
Consolidated total assets			<u>96,741,917</u>
 Additions to non-current assets other than financial instruments and deferred tax assets are:-			
Property, plant and equipment	120,627	44,496	165,123
Right-of-use assets	604,700	1,602,620	2,207,320
Intangible assets	-	2,860,767	2,860,767
Liabilities			
Segment liabilities	25,430,420	4,247,240	29,677,660
Unallocated liabilities:			
- deferred tax liability			111,800
- lease liabilities			832,877
- term loan			1,399,691
- current tax liabilities			153,971
Consolidated total liabilities			<u>32,175,999</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2018			
Revenue			
External revenue	53,363,798	8,512,139	61,875,937
Inter-segment revenue	11,536	681,007	692,543
	53,375,334	9,193,146	62,568,480
Consolidation adjustments			(692,543)
Consolidated revenue			61,875,937
Represented by:-			
<u>Revenue recognised at a point of time</u>			
- Sale of Hardware	40,077,233	–	40,077,233
- Sale of Software	–	6,777,289	6,777,289
<u>Revenue recognised over time</u>			
- Sale of Maintenance	13,298,101	–	13,298,101
- Sale of Software	–	2,415,857	2,415,857
	53,375,334	9,193,146	62,568,480
Consolidation adjustments			(692,543)
			61,875,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2018			
Results			
Segment profit before interest and taxation	3,574,460	717,195	4,291,655
Interest income			526,777
Share of net losses of an equity accounted associate			(140,032)
Finance costs			(488,585)
Consolidated profit before taxation			4,189,815
Income tax expense			(1,191,536)
Consolidated profit after taxation			2,998,279
Segment profit includes the followings:-			
Interest income	(118,388)	(408,389)	(526,777)
Interest expenses	406,785	81,800	488,585
Depreciation of property, plant and equipment	589,393	82,206	671,599
Reversal of impairment losses on trade receivables	(267,574)	(62,874)	(330,448)
Impairment losses on trade receivables	60,972	83,107	144,079
Reversal of inventories previously written down	(129,047)	–	(129,047)
Inventories written down	466,109	–	466,109
Unrealised loss/(gain) on foreign exchange	46,243	(15,426)	30,817
Staff costs	12,848,448	3,472,274	16,320,722

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM	Software RM	Group RM
2018			
Assets			
Segment assets	37,263,235	34,052,127	71,315,362
Unallocated assets:			
- non-current assets classified as held for sale			202,039
- deferred tax assets			611,617
- current tax assets			1,972,084
Consolidated total assets			74,101,102
Additions to non-current assets other than financial instruments and deferred tax assets are:-			
Property, plant and equipment	346,154	386,399	732,553
Liabilities			
Segment liabilities	10,049,793	2,611,637	12,661,430
Unallocated liabilities:			
- hire purchase payables			667,131
- term loan			2,006,838
- current tax liabilities			143,358
Consolidated total liabilities			15,478,757

39.2 GEOGRAPHICAL INFORMATION

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	The Group	
	2019 RM	2018 RM
Malaysia	14,610,822	11,075,017
Cambodia	126,724	9,096
Vietnam	162,877	82,674
	14,900,423	11,166,787

Revenue is based on the country in which the customers are located.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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39. OPERATING SEGMENTS (CONT'D)

39.2 GEOGRAPHICAL INFORMATION (CONT'D)

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Group	
	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM
China	–	1,022	–	–	–	1,022
Cambodia	595,251	1,609,089	165,141	215,235	760,392	1,824,324
Germany	–	36,890	–	–	–	36,890
Hong Kong	175,501	17,561	–	–	175,501	17,561
Indonesia	–	12,834	–	13,716	–	26,550
India	182,900	–	–	–	182,900	–
Japan	2,419	–	–	–	2,419	–
Malaysia	46,660,091	39,334,616	24,077,269	13,061,642	70,737,360	52,396,258
New South Wales	480	–	–	–	480	–
Philippines	1,996	418,313	395,800	–	397,796	418,313
Singapore	1,290,400	755,212	2,078,146	–	3,368,546	755,212
Sri Lanka	–	–	–	431,434	–	431,434
Taiwan	–	116,092	–	–	–	116,092
Thailand	249,317	95,303	80	–	249,397	95,303
Vietnam	5,197,004	3,765,047	887,544	1,991,931	6,084,548	5,756,978
	54,355,359	46,161,979	27,603,980	15,713,958	81,959,339	61,875,937

39.3 MAJOR CUSTOMERS

The following was major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group Revenue 2018 RM	Segments
Customer A	12,700,070	Hardware and maintenance

There is no single customer that contributed 10% or more to the Group's revenue in the current financial year.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	USD RM	SGD RM	BND RM	Others* RM	Total RM
The Group					
2019					
<u>Financial assets</u>					
Trade receivables	382,074	1,446,676	143,768	16,034	1,988,552
Cash and bank balances	964,187	9,618	—	1,562	975,367
	1,346,261	1,456,294	143,768	17,596	2,963,919
<u>Financial liabilities</u>					
Trade payables	1,318,287	9,567	—	90,661	1,418,515
Amount owing to related parties	3,720	—	—	—	3,720
	1,322,007	9,567	—	90,661	1,422,235
Net financial assets/(liabilities)/ Currency exposure	24,254	1,446,727	143,768	(73,065)	1,541,684

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

	USD RM	SGD RM	BND RM	Others* RM	Total RM
The Group					
2018					
<u>Financial assets</u>					
Trade receivables	317,073	205,488	–	116,265	638,826
Other receivables	24,500	3,032	–	–	27,532
Cash and bank balances	964,112	37,693	–	1,572	1,003,377
	1,305,685	246,213	–	117,837	1,669,735
<u>Financial liabilities</u>					
Trade payables	859,196	1,706	–	56,930	917,832
Other payables	1,775	716	–	3,473	5,964
Amount owing to related parties	3,762	–	–	–	3,762
	864,733	2,422	–	60,403	927,558
Net financial assets/ Currency exposure	440,952	243,791	–	57,434	742,177
	USD RM	SGD RM		Others* RM	Total RM
The Company					
2019					
<u>Financial asset</u>					
Trade receivables	296,592	152,480		16,034	465,106
Net financial asset/ Currency exposure	296,592	152,480		16,034	465,106
2018					
<u>Financial asset</u>					
Trade receivables	140,245	80,594		–	220,839
Net financial asset/ Currency exposure	140,245	80,594		–	220,839

* Consists of Philippine Peso, British Pound, Japanese Yen, Australian Dollar, New Zealand Dollar, Euro and Indonesia Rupiah.

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects on Profit After Taxation				
USD/RM				
- strengthened by 10%	2,425	44,095	29,659	14,025
- weakened by 10%	(2,425)	(44,095)	(29,659)	(14,025)
SGD/RM				
- strengthened by 10%	144,673	24,379	15,248	8,059
- weakened by 10%	(144,673)	(24,379)	(15,248)	(8,059)
BND/RM				
- strengthened by 10%	14,377	—	—	—
- weakened by 10%	(14,377)	—	—	—
Others/RM				
- strengthened by 10%	(7,307)	5,743	1,603	—
- weakened by 10%	7,307	(5,743)	(1,603)	—

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks and lease liabilities are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to the interest rate risk based on the carrying amount of the financial instrument at the end of the reporting period is disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019	2018
	RM	RM
Effects on Profit After Taxation		
Increase of 100 basis points	(13,997)	(20,068)
Decrease of 100 basis points	13,997	20,068

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group and the Company's major concentration of credit risk relate to the trade receivables (including amount owing by subsidiaries and related parties) at the end of the reporting period is as follows:-

	The Group		The Company	
	2019	2018	2019	2018
Major concentration of credit risk	38%	37%	35%	38%
Number of customers	2	3	2	1

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(i) Credit Risk Concentration Profile (cont'd)

In addition, the Group and the Company also determine concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount owing by subsidiaries and related parties) at the end of the reporting period is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	28,573,567	10,803,238	1,216,753	2,524,442
Singapore	1,385,685	205,488	277,536	80,594
Philippines	152,544	140,245	152,544	140,245
Indonesia	—	28,898	—	—
Vietnam	853,959	1,029,370	—	—
Thailand	41,107	49,777	—	—
Cambodia	6,347	866,311	—	—
Others	43,971	251,286	—	—
	31,057,180	13,374,613	1,646,833	2,745,281

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 12 months are deemed credit impaired and assesses for their risk of loss individually.

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables (cont'd)

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including amount owing by related parties and amount owing by subsidiaries) are summarised below:-

	Gross Amount RM	Individual Impairment RM	Collective Allowance RM	Carrying Amount RM
The Group				
2019				
Not past due	21,615,211	(34,965)	–	21,580,246
Past due:				
- less than 3 months	4,513,330	–	–	4,513,330
- 3 to 6 months	4,079,737	–	(74,515)	4,005,222
- over 6 months	984,284	–	(25,902)	958,382
Credit impaired	327,515	(327,515)	–	–
	31,520,077	(362,480)	(100,417)	31,057,180
2018				
Not past due	7,303,394	–	(5,016)	7,298,378
Past due:				
- less than 3 months	2,355,578	–	(9,139)	2,346,439
- 3 to 6 months	3,052,701	–	(52,691)	3,000,010
- over 6 months	772,191	(2,804)	(39,601)	729,786
Credit impaired	354,267	(354,267)	–	–
	13,838,131	(357,071)	(106,447)	13,374,613

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables (cont'd)

	Gross Amount RM	Individual Impairment RM	Collective Allowance RM	Carrying Amount RM
The Company				
2019				
Not past due	957,704	–	–	957,704
Past due:				
- less than 3 months	453,154	–	–	453,154
- 3 to 6 months	274,203	–	(65,258)	208,945
- over 6 months	41,112	–	(14,082)	27,030
Credit impaired	38,717	(38,717)	–	–
	1,764,890	(38,717)	(79,340)	1,646,833
2018				
Not past due	1,312,124	–	(4,665)	1,307,459
Past due:				
- less than 3 months	410,777	–	(3,632)	407,145
- 3 to 6 months	610,154	–	(13,645)	596,509
- over 6 months	456,631	–	(22,463)	434,168
Credit impaired	38,703	(38,703)	–	–
	2,828,389	(38,703)	(44,405)	2,745,281

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2019				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	16,554,413	16,554,413	16,554,413	–
Other payables and accruals	7,008,008	7,008,008	7,008,008	–
Amount owing to related parties	3,720	3,720	3,720	–
Amount owing to directors	106,452	106,452	106,452	–
Lease liabilities	832,877	887,400	474,553	412,847
Term loan	1,399,691	1,517,398	724,286	793,112
	25,905,161	26,077,391	24,871,432	1,205,959
2018				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	4,009,811	4,009,811	4,009,811	–
Other payables and accruals	4,034,121	4,034,121	4,034,121	–
Amount owing to related parties	16,102	16,102	16,102	–
Amount owing to directors	161,636	161,636	161,636	–
Hire purchase payables	667,131	729,418	198,174	531,244
Term loan	2,006,838	2,252,766	724,286	1,528,480
	10,895,639	11,203,854	9,144,130	2,059,724

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 years RM
2019				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	372,524	372,524	372,524	–
Other payables and accruals	1,119,478	1,119,478	1,119,478	–
	1,492,002	1,492,002	1,492,002	–
2018				
<u>Non-derivative Financial Liabilities</u>				
Trade payables	350,350	350,350	350,350	–
Other payables and accruals	517,602	517,602	517,602	–
	867,952	867,952	867,952	–

40.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement.

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Short-term investment	2,088,610	2,017,591	–	–
<u>Amortised Cost</u>				
Trade receivables	31,057,180	13,187,700	1,646,833	2,549,820
Other receivables	210,982	2,254,314	168,304	2,224,745
Amount owing by subsidiaries	–	–	4,964,366	5,249,712
Amount owing by related parties	–	186,913	–	–
Fixed deposits with licensed banks	18,788,854	18,610,774	17,656,072	17,052,932
Cash and bank balances	18,530,982	15,005,469	8,102,385	6,199,287
	68,587,998	49,245,170	32,537,960	33,276,496
Financial Liability				
<u>Amortised Cost</u>				
Trade payables	16,554,413	4,009,811	372,524	350,350
Other payables and accruals	7,008,008	4,034,121	1,119,478	517,602
Amount owing to related parties	3,720	16,102	–	–
Amount owing to directors	106,452	161,636	–	–
Lease liabilities	832,877	–	–	–
Hire purchase payables	–	667,131	–	–
Term loan	1,399,691	2,006,838	–	–
	25,905,161	10,895,639	1,492,002	867,952

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net (gains) recognised in profit or loss	(71,079)	(19,191)	–	–
<u>Amortised Cost</u>				
Net (gains) recognised in profit or loss	(657,627)	(611,226)	(589,076)	(280,653)
Financial Liability				
<u>Amortised Cost</u>				
Net (gains)/losses recognised in profit or loss	(58,270)	560,113	3,306	83,789

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Carried At Fair Value			Level 3				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2019								
Financial Asset								
Short-term investment	-	2,088,610	-	-	-	-	2,088,610	2,088,610
Financial Liability								
Term loan	-	-	-	-	1,399,691	-	1,399,691	1,399,691
2018								
Financial Asset								
Short-term investment	-	2,017,591	-	-	-	-	2,017,591	2,017,591
Financial Liability								
Hire purchase payables	-	-	-	-	780,504	-	780,504	667,131
Term loan	-	-	-	-	2,006,838	-	2,006,838	2,006,838

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of money market fund is determined by reference to statement provided by the respective financial institution, with which the investment was entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of hire purchase payables that carry fixed interest rates is determined by discounting the relevant future contractual cash flow using current market interest rate for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group
	2019 2018
	% %
Hire purchase payables	– 2.60 – 5.13

- (ii) The fair value of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

41. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- (a) On 7 January 2019, the Company acquired 100% equity interest in Infoconnect Commerce Sdn. Bhd. for a total cash consideration of RM650,000 and 70% equity interest in Adaptive POS Sdn. Bhd. for a total cash consideration of RM1,400,000.
- (b) On 13 February 2019, the Group disposed of its entire equity interest in Symple Apps Sdn. Bhd. for a total cash consideration of RM500,000.

42. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 8 January 2020, the Company entered into a Shareholders Agreement with Simat Technologies Public Company Limited, Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa to jointly form a new company in Thailand as the Special Purpose Vehicle to undertake the business of sale of hardware, software, network equipment, development of information technology solutions and maintenance services in Thailand.
- (b) The impact of the COVID-19 outbreak on public life and the industry in Malaysia and the broader region has significantly disrupted the Group's business activities. While this is expected to have a negative impact on the Group's performance for the coming reporting periods, the Group is unable to quantify the magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable.

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43. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 January 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At 1 January 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased assets and lease liabilities immediately before 1 January 2019 as the carrying amount of the right-of-use assets and the lease liabilities as at the date of initial application. The adjustment included a transfer of leasehold land and building, office buildings and motor vehicles from property, plant and equipment to right-of-use assets that is measured subsequently using the cost model.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 January 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
Consolidated Statement of Financial Position (Extract):-		
Short-term investment	–	2,017,591
Cash and bank balances	17,023,060	15,005,469

ANALYSIS OF SHAREHOLDINGS

AS AT 5 JUNE 2020

Total number of issued shares	:	525,200,000 ordinary shares
Class of equity securities	:	Ordinary Shares ("Shares")
Voting rights by poll	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	0	0.00	0	0.00
100 - 1,000 shares	346	9.56	204,700	0.04
1,001 - 10,000 shares	1,596	44.10	10,100,800	1.92
10,001 - 100,000 shares	1,473	40.70	52,741,900	10.04
100,001 – less than 5% of issued shares	200	5.53	106,744,600	20.32
5% and above of issued shares	4	0.11	355,408,000	67.67
Total	3,619	100.00	525,200,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Global Merits Sdn. Bhd.	171,232,800	32.60	–	–
Practical Resources Sdn. Bhd.	139,463,200	26.55	–	–
AI Capital Sdn. Bhd.	50,712,000	9.66	–	–
Yap Ban Foo	–	–	171,232,800 ^(a)	32.60
Yap Sin Sang	–	–	139,463,200 ^(b)	26.55
Tan Chuan Hock	–	–	50,712,000 ^(c)	9.66

Notes:

- (a) Deemed interested by virtue of his interest in Global Merits Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("CA 2016").
- (b) Deemed interested by virtue of his interest in Practical Resources Sdn. Bhd. pursuant to Section 8(4) of the CA 2016.
- (c) Deemed interested by virtue of his interest in AI Capital Sdn. Bhd. pursuant to Section 8(4) of the CA 2016.

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Siow Kim Lun	500,000	0.10	–	–
Mashitah Binti Osman	100,000	0.02	–	–
Tevanaigam Randy Chitty	1,000,000	0.19	–	–
Yap Ban Foo	–	–	171,232,800	32.60
Yap Sin Sang	–	–	139,463,200	26.55

ANALYSIS OF SHAREHOLDINGS

(cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1.	Practical Resources Sdn. Bhd.	139,463,200	26.55
2.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Maybank Private Wealth Management for Global Merits Sdn. Bhd. (PW-M01057) (423111)</i>	95,954,133	18.27
3.	Global Merits Sdn. Bhd.	75,278,667	14.33
4.	AI Capital Sdn. Bhd.	44,712,000	8.51
5.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Khor Jan Yeow (8083119)</i>	10,100,000	1.92
6.	Jejak Menang Sdn. Bhd.	7,003,000	1.33
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for AI Capital Sdn. Bhd.</i>	6,000,000	1.14
8.	Federlite Holdings Sdn. Bhd.	3,733,700	0.71
9.	Tan Gek Toh	2,500,000	0.48
10.	Keoh Git Ngoo	2,170,000	0.41
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Chiang Kai Loon (010)</i>	2,000,000	0.38
12.	Khathir Sulaiman Bin Abdullah	2,000,000	0.38
13.	Liew Khin Kheong	1,736,800	0.33
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	1,677,800	0.32
15.	Kueh Chay Seng	1,657,000	0.32
16.	Yip Min Fang	1,523,600	0.29
17.	Tran Phu Vinh	1,516,000	0.29
18.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for Affin Hwang Asset Management Berhad (T)</i>	1,224,300	0.23
19.	Tran Minh Nhut	1,150,000	0.22
20.	Lee Boon Howa	1,100,000	0.21
21.	Chong Ching Ching	1,000,000	0.19
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn. Bhd. for Yap Kok Ann</i>	1,000,000	0.19
23.	Leong Nam Soon	1,000,000	0.19
24.	Phang Khai Siang	1,000,000	0.19
25.	Phang Khai Vin	1,000,000	0.19
26.	Tan Z Kiat	1,000,000	0.19
27.	Tevanaigam Randy Chitty	1,000,000	0.19
28.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Affin Hwang Asset Management Berhad for Yayasan Lembaga Hasil Dalam Negeri Malaysia</i>	969,900	0.18
29.	Mok Puay Kang	950,000	0.18
30.	Wong Boon Ang	921,000	0.18

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

Registered Owner / Location	Date of Acquisition	Description	Tenure	Age of building (Years)	Gross Built up Area (Sq.ft)	Existing Use	Audited Net Carrying Amount as at 31 December 2019 RM'000
Radiant Global ADC Sdn Bhd No. 8, Jalan 3/91A Taman Shamelin Perkasa Batu 3 1/2 , Cheras 56100 Kuala Lumpur Wilayah Persekutuan. Malaysia	02.05.2008	Three (3)-storey intermediate semi-detached factory	Leasehold expiring on 11.09.2082	35	14,738	Office, warehouse and customer support service office	3,342
Radiant Global ADC Sdn Bhd Unit 03-06, Level 3, Tower B Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan, Malaysia	09.09.2015	An office unit on 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	11	2,362	Head office	2,235
Radiant Global ADC Sdn Bhd Unit 03-07, Level 3, Tower B Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	09.09.2015	An office unit on 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	11	939	Head office	908
Radiant Globaltech Berhad Unit 03-08, Level 3 Tower B Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	29.06.2016	An office unit on 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	11	2,659	Head office	2,692
Radiant Globaltech Berhad Unit 03-01, Level 3 Tower B Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia	30.08.2019	An office unit on 3rd floor of a 32-storey office building	Leasehold expiring on 16.08.2106	11	1,445	Head office	1,589

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting ("17th AGM" or "Meeting") of RADIANT GLOBALTECH BERHAD ("Radiant Globaltech" or "the Company") will be held on fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Boardroom, Unit 03-06 & 03-07, Level 3, Tower B, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 29 July 2020 at 10:30 a.m. to transact the following businesses:-

A G E N D A

AS ORDINARY BUSINESS :

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. | PLEASE REFER TO
EXPLANATORY NOTE 1 |
| 2. | To approve the payment of Directors' fees and benefits of up to RM200,000.00 for the financial year ending 31 December 2020. | ORDINARY RESOLUTION 1 |
| 3. | To re-elect the following Directors who retire by rotation in accordance with Clause 85 of the Company's Constitution: | |
| | i. Dato' Siow Kim Lun @ Siow Kim Lin; and | ORDINARY RESOLUTION 2 |
| | ii. Mr. Tevanaigam Randy Chitty | ORDINARY RESOLUTION 3 |
| 4. | To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting ("AGM") and to authorise the Directors to fix their remuneration. | ORDINARY RESOLUTION 4 |

AS SPECIAL BUSINESS :

To consider and if thought fit, pass with or without any modifications, the following resolutions: -

- | | |
|--|------------------------------|
| 5. GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | ORDINARY RESOLUTION 5 |
|--|------------------------------|

"THAT subject always to the Constitution of the Company, the Companies Act 2016 ("Act"), the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM."

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

6. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

SPECIAL RESOLUTION

"THAT the proposed amendments to the Constitution of the Company as set out below, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company: -

Clause No.	Existing Clause	Clause No.	Proposed Clause
61	The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.	61	The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and subject to Clause 69 , the Chairman shall be present at the main venue of the meeting. For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

6. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY (CONT'D)

Clause No.	Existing Clause	Clause No.	Proposed Clause
80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.	80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia or by way of electronic means or in such other manner as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.
106A	New provision	106A	The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

7. To transact any other business of which due notice shall have been given.

By order of the Board

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

Company Secretary

Petaling Jaya, Selangor Darul Ehsan
29 June 2020

Notes:

- (a) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (f) The instrument appointing a proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submitted via email to agm-support.rgb@megacorp.com.my, not less than forty-eight (48) hours before the time for holding the Meeting.
- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 22 July 2020. Only members whose names appear in the General Meeting Record of Depositors as at 22 July 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (i) The 17th AGM will be conducted on fully virtual basis at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the 17th AGM.
- (j) **Recording/Photography**
By participating in this 17th AGM, you agree that no part of this 17th AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2019**

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. **Item 2 of the Agenda – Directors' Fees and Benefits**

The estimated Directors' fees and benefits proposed for the financial year ending 31 December 2020 were calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefit on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for such shortfall.

3. **Item 5 of the Agenda – General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act**

The Company had at its Sixteenth AGM held on 11 June 2019 ("16th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this 17th AGM.

As at the date of this Notice, no new ordinary shares were issued and allotted by the Company via private placement pursuant to the 10% General Mandate granted to the Directors at the 16th AGM.

The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate, unless revoked or varied at general meeting, will expire at the next AGM.

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Rule 6.04 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasury shares) for issue of new securities.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. Item 5 of the Agenda – General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act (cont'd)

The Board of Directors' Statement

The Board of Directors of Radiant Globaltech ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

4. Item 6 of the Agenda – Proposed Amendments to the Constitution of the Company

The Special Resolution proposed under item 6 of the Agenda if approved, will provide more flexibility for the Company and its shareholders on the manner of holding meeting of its members and lodgement of proxy forms as well as to provide clarity on the provisions of the Third Schedule of the Act. The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

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RADIANT GLOBALTECH BERHAD

200301018877 (621297-A)

(Incorporated in Malaysia)

I/We* _____ NRIC/Registration No.* _____
(full name in capital letters)

of _____
(full address)

Email Address _____ Mobile Phone No. _____

being (a) member(s) of RADIANT GLOBALTECH BERHAD [200301018877 (621297-A)] ("the Company") hereby

appoint _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

Email Address _____ Mobile Phone No. _____

and/or* _____ NRIC No. _____
(full name in capital letters)

Email Address _____ Mobile Phone No. _____

of _____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Seventeenth Annual General Meeting ("17th AGM" or "Meeting") of the Company to be held on fully virtual basis and entirely via remote participation and voting at the Broadcast Venue: Boardroom, Unit 03-06 & 03-07, Level 3, Tower B, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 29 July 2020 at 10:30 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM200,000.00 for the financial year ending 31 December 2020.		
2.	To re-elect Dato' Siow Kim Lun @ Siow Kim Lin as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
3.	To re-elect Mr. Tevanaigam Randy Chitty as a Director who retires by rotation in accordance with Clause 85 of the Company's Constitution.		
4.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
5.	To approve the authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company.		

**delete whichever not applicable*

Dated this _____ day of _____ 2020.

CDS Account No.	No. of Shares Held

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100%

Signature of Member(s) / Common Seal



Notes:

- (a) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (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) The instrument appointing a proxy must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submitted via email to agm-support.rgb@megacorp.com.my, not less than forty-eight (48) hours before the time for holding the Meeting.
- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 22 July 2020. Only members whose names appear in the General Meeting Record of Depositors as at 22 July 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
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AFFIX
STAMP

The Poll Administrator
RADIANT GLOBALTECH BERHAD
[200301018877 (621297-A)]

c/o Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50200 Kuala Lumpur
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing



RADIANT GLOBALTECH BERHAD

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

-  Unit 03-06 & 03-07, Level 3,
Tower B, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
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-  info@rgtech.com.my

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