
8. APPROVALS AND CONDITIONS

8.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing Scheme is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

Bursa Securities had vide its letter dated 26 April 2018, approved our admission to the Official List and listing of and quotation for our entire enlarged issued share capital of Radiant Globaltech of RM49,314,400 comprising 525,200,000 Shares on the ACE Market of Bursa Securities.

The SC had, vide its letter dated 23 May 2018, taken note of the resultant equity structure of Radiant Globaltech pursuant to the Listing under the equity requirement for public listed companies. The SC also noted that Radiant Globaltech is a MSC-Malaysia status company and therefore is exempted from the equity requirement for public listed companies.

Nevertheless, if our Company undertakes subsequent proposals involving:-

- (i) a transfer of our listing status to the Main Market of Bursa Securities; or
- (ii) any acquisition which results in a significant change in our business direction or policy,

our Company must submit such application to the SC under the equity requirement for public listed companies for a reassessment.

Radiant Globaltech was granted MSC-Malaysia status by MDeC vide its letter dated 9 December 2014. To maintain its preferential status, Radiant Globaltech is expected to operate according to certain conditions as set out in Section 8.2 of this Prospectus below.

Our Company has voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC as part of the process of determining our Shariah status. The SAC had, vide its letter dated 21 May 2018, classified our Company's Shares as Shariah compliant based on the audited consolidated financial statements of Radiant Globaltech for the FYE 31 December 2017.

8. APPROVALS AND CONDITIONS (Cont'd)**8.2 CONDITIONS ON APPROVALS**

The conditions imposed by the Bursa Securities vide its letter dated 26 April 2018 in respect of the Listing are as follows:-

Details of conditions imposed	Status of compliance
(i) Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to Listing of the Company;	To be complied. Bursa Securities has granted an extension of time until 4 September 2018 vide its letter dated 30 May 2018.
(ii) Submit the following information in respect of the moratorium on the shareholdings of the promoters to the Bursa Depository:- (a) Name of shareholders; (b) Number of Shares; and (c) Date of expiry of the moratorium for each block of Shares.	To be complied prior to Listing.
(iii) Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.
(iv) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirements;	To be complied prior to Listing.
(v) Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements on the first day of Listing;	To be complied upon Listing.
(vi) In relation to the public offering to be undertaken by Radiant Globaltech, please announce at least two (2) Market Days prior to the Listing date, the result of the offering including the following:- (a) Level of subscription of public balloting and placement; (b) Basis of allotment/allocation; (c) A table showing the distribution for placement tranche, in format attached in Appendix I of the approval letter of Bursa Securities; and (d) Disclosure of placees who become substantial shareholders of Radiant Globaltech arising from the public offering, if any.	To be complied prior to Listing.
Radiant Globaltech / AIBB to ensure that the overall distribution of Radiant Globaltech's securities is properly carried out to provide an orderly trading in the secondary market; and	
(vii) Radiant Globaltech / AIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities's approval once the admission to the Official List on the ACE Market is completed.	To be complied upon Listing.

8. APPROVALS AND CONDITIONS (Cont'd)

The conditions imposed by MDeC vide its letter dated 9 December 2014 in respect of the MSC-Malaysia status granted to Radiant Globaltech are as follows:-

Details of conditions imposed	Status of compliance
<p>Radiant Globaltech agrees to:</p> <p>(i) complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one (1) month from the date of the approval letter, commence operations of the proposed entity within six (6) months from the date of the approval letter, and undertake such activities specified in Radiant Globaltech's business plan ("Business Plan") as approved by MDeC below ("MSC-Malaysia Qualifying Activities") within six (6) months from the date of the approval letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the written consent of MDeC) and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC-Malaysia Qualifying Activities are as follows:-</p> <p>(a) Research, development and commercialization of the following solution:</p> <ul style="list-style-type: none"> • <i>AX Retail B2B Portal</i> Version 3.0 and above • <i>AX Retail Consignment Portal</i> Version 2.0 and above • <i>AX Mobile System</i> Version 2.0 and above <p>(b) Provision of implementation, maintenance and technical services related to the above solution.</p> <p>Any changes proposed to the above MSC-Malaysia Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;</p>	<p>Complied.</p>
<p>(ii) locate the implementation and operation of the MSC-Malaysia Qualifying Activities in a Designated Premises in an MSC-Malaysia Cybercentre with minimum office space of 10,200 sq ft, within six (6) months from the date of the approval letter. Radiant Globaltech shall obtain MDeC's prior written approval in the event of any changes in the location or address of the company;</p>	<p>Complied.</p>

8. APPROVALS AND CONDITIONS (Cont'd)

Details of conditions imposed	Status of compliance
(iii) ensure that at all times at least fifteen percent (15%) of the total number of employees (excluding support staff) of Radiant Globaltech shall be "knowledge workers" (as defined by MDeC). "Knowledge workers" shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC Malaysia Qualifying Activities. The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of Radiant Globaltech and MDeC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;	Complied.
(iv) ensure that any products produced pursuant to the MSC-Malaysia Qualifying Activities are original, and that no part or portion of such product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of know-how belonging to any third party;	Complied.
(v) submit to MDeC a copy of Radiant Globaltech's Annual Report and Audited Statements in parallel with submission to the Companies Commission of Malaysia;	Complied.
(vi) ensure that all information and/or documents furnished by Radiant Globaltech to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;	Complied.
(vii) inform and obtain the prior approval of MDeC for any proposed change in the name of Radiant Globaltech;	Complied.
(viii) inform MDeC of any change in the equity structure or shareholding structure of Radiant Globaltech, or such other changes that may affect the direction or operation of Radiant Globaltech. MDeC must be informed of any change before steps are taken to effect such change; and	Complied.
(ix) comply with all such statutory, regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such other amendments as may be applicable from time to time.	Complied.
The MSC-Malaysia Status granted to Radiant Globaltech shall not be transferable or assignable in any way whatsoever without the prior written consent of MDeC.	

8. APPROVALS AND CONDITIONS (Cont'd)**8.3 MORATORIUM ON SALE OF SHARES**

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (i) The moratorium applies to our Promoters' entire shareholdings for a period of six (6) months from the date of our admission to the ACE Market of Bursa Securities ("**First 6-Month Moratorium**");
- (ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to 45% of our issued and paid-up ordinary share capital remain under moratorium for a further six (6) months ("**Second 6-Month Moratorium**"); and
- (iii) Upon the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one third per annum (on a straight line basis) of our Shares held under moratorium.

Details of our Shares held by our Promoters which will be subject to moratorium are as follows:-

Promoters	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares	% of enlarged issued share capital	No. of Shares	% of enlarged issued share capital
Global Merits ⁽¹⁾	168,732,800	32.13	112,918,000	21.50
Practical Resources ⁽²⁾	136,963,200	26.08	112,918,000	21.50
Jejak Menang ⁽³⁾	39,712,000	7.56	10,504,000	2.00
Yap Poh Keong ⁽⁴⁾	1,500,000	0.29	-	-
Yap Siok Chin ⁽⁴⁾	1,500,000	0.29	-	-
Total	348,408,000	66.35	236,340,000	45.00

Notes:-

- (1) Investment holding company for Yap Ban Foo.
- (2) Investment holding company for Yap Sin Sang.
- (3) Investment holding company for Yap Poh Keong.
- (4) Pursuant to Pink Form Allocation under the Listing Scheme.

The moratorium, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

The ultimate shareholders of Global Merits, Practical Resources and Jejak Menang have also undertaken not to sell, transfer or assign their respective shareholdings in Global Merits, Practical Resources and Jejak Menang during the moratorium period.

9. OTHER INFORMATION

9.1 INFORMATION ON MATERIAL LAND AND BUILDINGS

9.1.1 Properties owned

A summary of the material land and buildings owned by our Group for our operations as at the LPD is as follows:-

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/Tenure of Property	Restrictions of Interest/ Encumbrance(s)	Date of Issuance of Certificate of Fitness or CCC	Gross Built-Up Area/Land Area (sq ft)	Net book value as at December 31 2017 RM million	Date of acquisition
RG Malaysia	No. 8, Jalan 3/91A, Taman Shamelin Perkasa, Batu 3½, Cheras, 56100 Kuala Lumpur, Wilayah Persekutuan, Malaysia/ PN 31014 Lot 54594, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Three (3)-storey intermediate semi-detached factory used as office, warehouse and customer support service office	Industrial/ Leasehold expiring on 11.09.2082	1. Charge to Alliance Bank Malaysia Berhad; and 2. Private caveat by Alliance Bank Malaysia Berhad	30.01.2018	14,738/ 12,389.26	3.476	02.05.2008

9. OTHER INFORMATION (Cont'd)

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/Tenure of Property	Restrictions of Interest/ Encumbrance(s)	Date of Issuance of Certificate of Fitness or CCC	Gross Built-Up Area/Land Area (sq ft)	Net book value as at 31 December 2017 RM million	Date of acquisition
Paramount Properties Sdn Bhd/RG Malaysia	Unit 03-06, Level 3, Tower B Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur/ Master Title PN 46338 Lot 58190, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Persekutuan Kuala Lumpur*	An office unit on 3 rd floor of a 32-storey office building used as head office	Building/ Leasehold expiring on 16.08.2106 Remaining unexpired lease term: approximately 88 years 10 months	1. Lease in favour of Nasional Berhad for area of 884.47 sq ft for 30 years from 31.07.2011 ending 30.07.2041; and 2. Easements registered vide the Presentation No. 40871/2012 and 40872/2012.	14.07.2015	2,362/N/A	2.333	09.09.2015

9. OTHER INFORMATION (Cont'd)

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/Tenure of Property	Restrictions of Interest/ Encumbrance(s)	Date of Issuance of Certificate of Fitness or CCC	Gross Built-Up Area/Land Area (sq ft)	Net book value as at 31 December 2017 RM million	Date of acquisition
Paramount Properties Sdn Bhd/ RG Malaysia	Unit 03-07, Level 3, Tower B Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur/ Master Title PN 46338 Lot 58190, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur*	An office unit on 3 rd floor of a 32-storey office building used as head office	Building/ Leasehold expiring on 16.08.2106 Remaining unexpired lease term: approximately 88 years 10 months	1. Lease in favour of Tenaga Nasional Berhad for area of 884.47 sq ft for 30 years from 31.07.2011 ending 30.07.2041; and 2. Easements registered vide the Presentation No. 40871/2012 and 40872/2012.	14.07.2015	939/N/A	0.948	09.09.2015

9. OTHER INFORMATION (Cont'd)

Registered and Beneficial Owner	Property Address/Title Details	Description and Existing Use	Category of Land Use/Tenure of Property	Restrictions of Interest/ Encumbrance(s)	Date of Issuance of Certificate of Fitness or CCC	Gross Built-Up Area/Land Area (sq ft)	Net book value as at 31 December 2017 RM million	Date of acquisition
Paramount Properties Sdn Bhd/ Radiant Globaltech	Unit 03-08, Level 3, Tower B Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur/ Master Title PN 46338 Lot 58190, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ^A	An office unit on 3 rd floor of a 32-storey office building intended to be used as head office in second half of 2018	Building/ Leasehold on expiring 16.08.2106 Remaining unexpired lease term: approximately 88 years 10 months	1. Lease in favour of Tenaga Nasional Berhad for area of 884.47 sq ft for 30 years from 31.07.2011 ending 30.07.2041; and 2. Easements registered vide the Presentation No. 40871/2012 and 40872/2012.	14.07.2015	2,659/N/A	2.808	29.06.2016

9. OTHER INFORMATION (Cont'd)

Notes:-

- * Renovations have been carried out to combine both Vertical Business Suite 03-06 and Vertical Business Suite 03-07. Consent for the renovation as required in the sale and purchase agreement between RG Malaysia and Paramount Properties Sdn Bhd has been obtained from the building management, Dats Management Sdn Bhd on 14 January 2016 and the consent as required in Schedule 6 of the facility agreement with UOB Bank Berhad has been obtained on 8 March 2017.
- ^ The consent for renovation for Vertical Business Suite 03-08 was obtained from Dats Management Sdn Bhd on 1 June 2017. As at the LPD, renovations are in progress and expected to complete by August 2018.

As at the LPD, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property owned by our Group for our operations as set out above.

9. OTHER INFORMATION (Cont'd)

9.1.2 Properties rented

A summary of the material land and buildings rented by our Group for our operations as at the LPD is as follows:-

Landlord	Tenant	Property Address	Description and Existing Use	Gross Built-Up Area (sq ft)	Tenure	Rental per annum
Syarikat Perniagaan Peladang (MADA) Sdn Bhd	RG Malaysia	Alor Setar : No. 5010, Taman PKNK, Jalan Tun Razak, 05150 Alor Setar, Kedah	Two (2) storey shop lot used as customer support service office	1,200	01.03.2018 to 28.02.2020	RM15,264
Sia Tong Oun	Yap Sin Sang on behalf of RG Malaysia	Muar : No. 17-2, Taman Permata, Jalan Hj. Jaib, 84000 Muar, Johor Darul Takzim	2 nd Floor of a 3-storey terrace shop used as customer support service office	1,540	01.01.2017 to 31.12.2018	RM9,000
Beh Siew Lei	RG Malaysia	Penang : 70-2-56A, D'Piazza Mall, Jalan Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang	An office unit on the 2 nd floor of a 3-storey office block with bazaar used as customer support service office	1,643	01.02.2017 to 31.01.2019	RM27,600
Chua Kheng Chong	RG Malaysia	Kelantan : Lot No. A-04-06, Pelangi Mall, Jalan Post Office Lama, 15000 Kota Bharu, Kelantan	An office unit on the 4 th floor of a 15-floor mall used as customer support service office	1,408	01.01.2018 to 31.12.2018	RM12,000

9. OTHER INFORMATION (Cont'd)

Landlord	Tenant	Property Address	Description and Existing Use	Gross Built-Up Area (sq ft)	Tenure	Rental per annum
Kylson Technologies Sdn Bhd	RG Malaysia	Kuantan : Second Floor, B-156, Jalan Haji Ahmad, Perumahan Sekilau, 25300 Kuantan, Pahang	An office unit on the 2 nd floor of a 3-storey shoplot used as customer support service office	1,400	01.01.2017 to 31.12.2018	RM13,536
Liew Pua Fan	RG Malaysia	Ipoh : No. 3A, (1st Floor), Lengkok Tasek Timur 1A, Pusat Perdagangan Tasek Indra, 31400 Ipoh	An office unit on the 1st floor of a 3-storey shoplot used as customer support service office	1,540	01.01.2018 to 31.12.2018	RM9,600
Yap Ban Foo and Yap Sin Sang	RG Malaysia	Mont Kiara, KL : B-03A-13A, Gateway Kiaramas, No.1, Jalan Desa Kiara, Mont Kiara, 50480, Kuala Lumpur	An office unit on the 4 th floor of a 12-floor office building used as support centre for IT outsourcing services	1,173	01.01.2017 to 31.12.2018	RM30,000
Low Lian Choon	RG Malaysia	Johor Bahru : No. 30A Jalan Layang 16, Taman Perling, Johor Bahru 81200, Johor, Malaysia	Upper floor of a double storey shop house used as customer support service office	1,575	01.03.2018 to 28.02.2019	RM13,200

9. OTHER INFORMATION (Cont'd)

Landlord	Tenant	Property Address	Description and Existing Use	Gross Built-Up Area (sq ft)	Tenure	Rental per annum
Hotel Cambodiana	RG Cambodia	Unit No.10, Ground Floor at the Hotel Cambodiana, 313 Sisowath Quay, Phnom Penh, Cambodia	Full service hotel with its ground and first floors used as office and warehouse	753.47	15.03.2018 to 14.03.2021	15.03.2018 to 14.03.2019: USD13,608 15.03.2019 to 14.03.2021: USD14,288
Nguyen Thi Vuong	RG Vietnam	No. 456/57, Cao Thang Street, Ward 12, District 10, Ho Chi Minh City	Four-floor residential house used as office, warehouse and customer support service office	2,173.23	15.07.2016 to 15.07.2018	VND335,100,000
Robot Investment Corporation	RG Vietnam	7th Floor, Robot Tower, 308-308C Dien Bien Phu Street, Ward 4, District 3, Ho Chi Minh City	An office unit on the 7 th floor within a 15-storey office building used as sales office	1,216.32	01.04.2017 to 31.03.2019	VND436,632,000

As at the LPD, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property rented by our Group for our operations as set out above.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of ten percent (10%) or more (or five percent (5%) or more where such person is the largest shareholder in the company) of all the voting shares in the company.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other.

10.1 RELATED PARTY TRANSACTIONS

(a) Pursuant to our Group's internal reorganisation, we have undertaken the following related party transactions:-

(i) Yap Ban Foo

Transacting parties	Nature of transaction	Total value of consideration RM	Interested related parties
Radiant Globaltech and Yap Ban Foo	Acquisition of RG Cambodia	1	Yap Ban Foo <ul style="list-style-type: none"> • Promoter, substantial shareholder and Managing Director of Radiant Globaltech; and • Director and indirect substantial shareholder of RG Cambodia.
Total		1	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(ii) Yap Ban Foo, Yap Sin Sang, Yap Poh Keong and Tan Chuan Hock

Transacting parties	Nature of transaction	Total value of consideration RM	Interested related parties
Radiant Globaltech, and Yap Ban Foo, Yap Sin Sang, Yap Poh Keong and Tan Chuan Hock	Acquisition of RG Malaysia	14,133,000	Yap Ban Foo <ul style="list-style-type: none"> • Promoter, substantial shareholder and Managing Director of Radiant Globaltech; and • Director and indirect substantial shareholder of RG Malaysia and RG Solutions.
	Acquisition of RG Solutions	1,073,000	Yap Sin Sang <ul style="list-style-type: none"> • Promoter, substantial shareholder and Executive Director – Operations of Radiant Globaltech; and • Director and indirect substantial shareholder of RG Malaysia and RG Solutions.
Total		15,206,000	Yap Poh Keong <ul style="list-style-type: none"> • Promoter, substantial shareholder and Executive Director – Sales and Software Development of Radiant Globaltech; and • Indirect substantial shareholder of RG Malaysia and RG Solutions. Tan Chuan Hock <ul style="list-style-type: none"> • Substantial shareholder of Radiant Globaltech; and • Indirect substantial shareholder of RG Malaysia and RG Solutions.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

- (b) Save as disclosed below, our Directors have confirmed that there are no other material related party transactions that we had entered into with related parties in respect of the past three (3) FYE 31 December 2015 to 2017 and up to the LPD:-

(i) Yap Ban Foo

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Cambodia and Ever Praise	Purchase of retail software from Ever Praise by RG Cambodia ⁽¹⁾ . This transaction has ceased and is no longer ongoing.	-	290	-	-	Yap Ban Foo and Yap Sin Sang are both directors and substantial shareholders of Ever Praise. Ever Praise has ceased operation in trading of hardware and provision of IT services. Since 1 January 2017, Ever Praise is an investment holding company.
Total		-	290	-	-	

Note:-

- (1) The related party transaction contributed 0.66% of our Group's net purchases in the FYE 31 December 2016.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(ii) Yap Sin Sang

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Malaysia and Radiant Global ADC (Thailand) Co. Ltd	Sale of retail hardware to Radiant Global ADC (Thailand) Co. Ltd by RG Malaysia ⁽¹⁾ . This transaction has ceased and is no longer ongoing.	418	115	14	-	Yap Sin Sang was a director and substantial shareholder of Radiant Global ADC (Thailand) Co. Ltd. Yap Sin Sang has resigned as a director on 29 January 2017 and disposed of his entire shareholding comprising 9,000 shares representing 45% in Radiant Global ADC (Thailand) Co. Ltd to an unrelated third party.
	Purchase of retail hardware from Radiant Global ADC (Thailand) Co. Ltd by RG Malaysia ⁽²⁾ . This transaction has ceased and is no longer ongoing.	-	-	187	-	
Total		418	115	201	-	

Notes:-

- (1) The related party transaction contributed 0.63%, 0.15% and 0.02% of our Group's revenue in the three (3) FYE 31 December 2015 to 2017, respectively.
- (2) The related party transaction contributed 0.39% of our Group's net purchases in the FYE 31 December 2017.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(iii) Yap Ban Foo and Yap Sin Sang, collectively

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Malaysia and Applied Media & Labels Sdn Bhd	Purchase of consumables from Applied Media & Labels Sdn Bhd by RG Malaysia ⁽¹⁾ . This transaction has ceased and is no longer ongoing.	164	94	102	-	Yap Ban Foo and Yap Sin Sang are both directors and substantial shareholders of Ever Praise. Applied Media & Labels Sdn Bhd was a subsidiary of Ever Praise. Ever Praise had disposed of its interest comprising 51,000 shares representing 51% in Applied Media & Labels Sdn Bhd on 10 August 2017 to an unrelated third party.
	Sale of retail hardware and consumables to Applied Media & Labels Sdn Bhd by RG Malaysia ⁽²⁾ . This transaction has ceased and is no longer ongoing.	-	24	37	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Malaysia and Ideasoftware Solutions Sdn Bhd	Management fees charged to Ideasoftware Solutions Sdn Bhd by RG Malaysia ⁽³⁾ . This transaction has ceased and is no longer ongoing.	36	36	-	-	Yap Ban Foo and Yap Sin Sang are both directors and substantial shareholders of Ideasoftware Solutions Sdn Bhd. Ideasoftware Solutions Sdn Bhd had appointed liquidator on 7 August 2017 to commence members' voluntary winding up.
RG Malaysia and Radiant Global HD Inc.	Outsourced customer support services and IT support rendered by Radiant Global HD Inc. to RG Malaysia ⁽⁴⁾ . This transaction is still ongoing as Radiant Global HD Inc. is our Group's outsourced service provider in Philippines, to provide maintenance or technical support from time to time. However, it is no longer a related party transaction.	109	227	-	-	Yap Ban Foo and Yap Sin Sang were both directors and substantial shareholders of Radiant Global HD Inc.. Yap Ban Foo and Yap Sin Sang have resigned as directors on 31 March 2017 and disposed of their entire shareholding comprising 500 and 500 shares respectively representing 50% each in Radiant Global HD Inc. to unrelated third parties.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Malaysia and SPEM	<p>Sale of retail hardware to SPEM by RG Malaysia⁽⁶⁾.</p> <p>This transaction is still ongoing as SPEM is our Group's distributor of hardware products and accessories in East Malaysia.</p>	1,398	748	385	-	Yap Ban Foo and Yap Sin Sang have resigned as directors in SPEM on 3 January 2017 and have disposed of their entire shareholdings comprising 17.50% and 10.50% respectively in SPEM on 16 May 2018 to one of the directors of SPEM.
	<p>Outsourced customer support services rendered by SPEM to RG Malaysia⁽⁶⁾.</p> <p>This transaction is still ongoing as SPEM is our Group's outsourced service provider in East Malaysia, to provide maintenance or technical support from time to time.</p>	551	375	371	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
Accurate Computer Solutions and SPEM	<p>Sale of retail hardware to SPEM by Accurate Computer Solutions⁽⁷⁾</p> <p>This transaction has ceased and is no longer ongoing.</p>	2	-	-	-	<p>Yap Ban Foo and Yap Sin Sang are currently both directors and substantial shareholders of Accurate Computer Solutions.</p> <p>RG Malaysia disposed of Accurate Computer Solutions on 18 May 2017 to Yap Ban Foo and Yap Sin Sang for disposal consideration of RM50,000. Accurate Computer Solutions had appointed liquidator on 7 August 2017 to commence members' voluntary winding-up.</p> <p>Yap Ban Foo and Yap Sin Sang have resigned as Directors in SPEM on 3 January 2017 and have disposed of their entire shareholdings comprising 17.50% and 10.50% respectively in SPEM on 16 May 2018 to one of the directors of SPEM.</p>
Total		2,260	1,504	895	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Notes:-

- (1) *The related party transaction contributed 0.38%, 0.21% and 0.21% of our Group's net purchases in the three (3) FYE 31 December 2015 to 2017, respectively.*
- (2) *The related party transaction contributed 0.03% and 0.05% of our Group's revenue in the FYE 31 December 2016 and 2017, respectively.*
- (3) *The related party transaction contributed 21.30% and 3.09% of our Group's other income in the FYE 31 December 2015 and 2016, respectively.*
- (4) *The related party transaction contributed 0.25% and 0.52% of our Group's net purchases in the FYE 31 December 2015 and 2016, respectively.*
- (5) *The related party transaction contributed 2.11%. 0.97% and 0.48% of our Group's revenue in the FYE 31 December 2015 to 2017, respectively.*
- (6) *The related party transaction contributed 1.29%, 0.85% and 0.77% of our Group's net purchases in the FYE 31 December 2015 to 2017, respectively.*
- (7) *The related party transaction contributed less than 0.01% of our Group's revenue in the FYE 31 December 2015.*

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(iv) Yap Ban Foo, Yap Sin Sang and Yap Poh Keong, collectively

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Malaysia and Spectrum Highlights Sdn Bhd	Sale of retail hardware to Spectrum Highlights Sdn Bhd by RG Malaysia ⁽¹⁾ This transaction has ceased and is no longer ongoing.	49	-	-	-	Yap Ban Foo is a director of Spectrum Highlights Sdn Bhd. Yap Sin Sang is a director and substantial shareholder of Spectrum Highlights Sdn Bhd.
	Provision of software development by Spectrum Highlights Sdn Bhd to RG Malaysia ⁽²⁾ This transaction has ceased and is no longer ongoing.	525	-	-	-	Yap Poh Keong is a substantial shareholder of Spectrum Highlights Sdn Bhd Spectrum Highlights Sdn Bhd had appointed a liquidator on 10 July 2017 to commence members' voluntary winding up.
	Management fees charged to Spectrum Highlights Sdn Bhd by RG Malaysia ⁽³⁾ This transaction has ceased and is no longer ongoing.	60	60	-	-	
Total		634	60	-	-	

Notes:-

- (1) The related party transaction contributed 0.07% of our Group's revenue in the FYE 31 December 2015.
(2) The related party transaction contributed 1.22% of our Group's net purchases in the FYE 31 December 2015.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(3) The related party transaction contributed 35.50% and 5.15% of our Group's other income in the FYE 31 December 2015 and 2016, respectively.

(iv) Tran Phu Vinh

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Vietnam and Global Vision Co. Ltd	Sale of retail hardware to Global Vision Co. Ltd by RG Vietnam ⁽¹⁾ This transaction has ceased and is no longer ongoing.	482	723	41	-	Tran Phu Vinh was a director and substantial shareholder of Global Vision Co. Ltd.
	Purchase of retail hardware from Global Vision Co. Ltd by RG Vietnam ⁽²⁾ This transaction has ceased and is no longer ongoing.	105	155	1,374	-	Tran Phu Vinh has resigned as a director on 12 May 2017 and disposed of his entire shareholding of VND250,000 in Global Vision Co. Ltd to an unrelated third party.
Total		587	878	1,415	-	

Notes:-

- (1) The related party transaction contributed 0.73%, 0.94% and 0.05% of our Group's revenue in the three (3) FYE 31 December 2015 to 2017, respectively.
- (2) The related party transaction contributed 0.24%, 0.35% and 2.85% of our Group's net purchases in the three (3) FYE 31 December 2015 to 2017, respectively.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(v) Tan Chuan Hock

Transacting Parties	Nature of Transaction	Value for the FYE 31 December			Value up to the LPD RM'000	Interested related parties
		2015 RM'000	2016 RM'000	2017 RM'000		
RG Malaysia and Grand-Flo Spritvest Sdn Bhd	Sale of retail hardware to Grand-Flo Spritvest Sdn Bhd to RG Malaysia. This transaction is recurrent in nature.	-	-	37 ⁽¹⁾	342	Tan Chuan Hock • Substantial shareholder of Radiant Globaltech; • Non-independent non-executive director and shareholder of Grand-Flo Berhad. Grand-Flo Spritvest Sdn Bhd is a wholly-owned subsidiary of Grand-Flo Berhad.
	Purchase of retail hardware from Grand-Flo Spritvest Sdn Bhd to RG Malaysia. This transaction is recurrent in nature.	-	-	401 ⁽²⁾	144	
Total		-	-	438	486	

Notes:-

- (1) The related party transaction contributed 0.05% of our Group's revenue in the FYE 31 December 2017.
(2) The related party transaction contributed 0.83% of our Group's net purchases in the FYE 31 December 2017.

All the above transactions were conducted based on negotiated terms and carried out on an arm's length basis. Our Directors are of the opinion that the above transactions were transacted in the best interests of growing our Group's business. Our Directors have also confirmed that there are no other material related party transactions that we had entered into with related parties but not yet effected up to the date of this Prospectus.

Our Directors have no intention to enter into business transactions with the above related parties moving forward, save for the ongoing recurrent related party transaction between RG Malaysia and SPEM, and RG Malaysia and Grand-Flo Spritvest Sdn Bhd.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Nonetheless, our Audit Committee will review the terms of any related party transactions to ensure no conflicts of interest arise within our Company, and in accordance to Radiant Globaltech's Constitution, the interested Director is restricted to participate in any discussion in view of his interest. Our Audit Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to ensure that these transactions are carried out in the best interest of the Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action. Our Group will seek such relevant shareholders' approval (where the interested Director and persons connected to him are required to abstain from voting at the relevant general meeting) and disclose them in our annual reports, where required.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 31 December 2015 to 2017 and up to the LPD.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.3 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES**

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance made by us to or for the benefit of the related parties for the past three (3) FYE 31 December 2015 to 2017 and up to the LPD:-

Loans made to or for the benefit of	Interested related parties	Nature of transaction	As at 31 December			As at the LPD RM'000
			2015 RM'000	2016 RM'000	2017 RM'000	
Loans made to Radiant Global Holdings Sdn Bhd by RG Malaysia	Yap Ban Foo and Yap Sin Sang were both directors and substantial shareholders of Radiant Global Holdings Sdn Bhd. Radiant Global Holdings Sdn Bhd was struck off the register since 30 November 2017.	Advances for the payment of statutory expenses and preliminary expenses	6	10	*	-
Loans from Global Vision Co. Ltd. to RG Vietnam	Tran Phu Vinh was a director and substantial shareholder of Global Vision Co. Ltd. Tran Phu Vinh has resigned as a director on 12 May 2017 and disposed of his entire shareholding of VND250,000 in Global Vision Co. Ltd to an unrelated third party.	Loan	94	97	-	-

Note:-

* Less than RM1,000

These advances were not made on arm's length basis as the abovementioned loans made by us to or for the benefit of the related parties were interest-free, unsecured and repayable on demand. As at the LPD, these advances were fully paid. Going forward, our Group will not be providing any such advances (including loans and guarantees of any kind) to or for the benefit of the related parties.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.4 CONFLICT OF INTEREST**

Save as disclosed below, none of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which were the customers or suppliers of our Group:-

Directors and/or substantial shareholders	Company	Position Held	Principal Remarks	Activities/	Direct and Indirect Equity Interest (%)
Yap Ban Foo	Accurate Computer Solutions	Executive Director/ Shareholder	Liquidator appointed on 7 August 2017 for members' voluntary winding up		Direct: 50.00 Indirect: -
	Ideasoft Solutions Sdn Bhd	Executive Director/ Shareholder	Liquidator appointed on 7 August 2017 for members' voluntary winding up		Direct: 50.00 Indirect: -
	Radiant Genius Sdn Bhd	Executive Director/ Shareholder	Struck off		Direct: 55.00 Indirect: -
	Spectrum Highlights Sdn Bhd	Executive Director	Liquidator appointed on 10 July 2017 for members' voluntary winding up		Nil
	Ever Praise [^]	Executive Director/ Shareholder	Investment holding (Ceased operation in trading and provision of IT services since 31 December 2016)		Direct: 50.00 Indirect: -
Yap Sin Sang	Accurate Computer Solutions	Executive Director/ Shareholder	Liquidator appointed on 7 August 2017 for members' voluntary winding up		Direct: 50.00 Indirect: -
	Ideasoft Solutions Sdn Bhd	Executive Director/ Shareholder	Liquidator appointed on 7 August 2017 for members' voluntary winding up		Direct: 50.00 Indirect: -
	Radiant Genius Sdn Bhd	Executive Director/ Shareholder	Struck off		Direct: 45.00 Indirect: -
	Spectrum Highlights Sdn Bhd	Executive Director/ Shareholder	Liquidator appointed on 10 July 2017 for members' voluntary winding up		Direct: 70.00 Indirect: -

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Directors and/or substantial shareholders	Company	Position Held	Principal Remarks	Activities/	Direct and Indirect Equity Interest (%)
Yap Sin Sang (Cont'd)	Ever Praise [^]	Executive Director/ Shareholder	Investment holding (Ceased operation in trading and provision of IT services since 31 December 2016)		Direct: 50.00 Indirect: -
Yap Poh Keong	Spectrum Highlights Sdn Bhd	Shareholder	Liquidator appointed on 10 July 2017 for members' voluntary winding up		Direct: 20.00 Indirect: -
Tan Chuan Hock	Grand-Flo Berhad ⁽¹⁾	Non-Independent Non-Executive Director / Shareholder	Provision of information technology solutions and investment holding		Direct: 2.663 Indirect: 2.536

Notes:-

[^] Ever Praise held 51% interest in Applied Media & Labels Sdn Bhd, a company principally involved in the manufacture and supply of product labels and media. Ever Praise disposed of its interest in Applied Media & Labels Sdn Bhd on 10 August 2017. Further information on the past transactions between Applied Media & Labels Sdn Bhd and our Group is set out in Section 10.1(b) of this Prospectus.

(1) In the FYE 31 December 2017, RG Malaysia sold and purchased retail hardware from a wholly-owned subsidiary of Grand-Flo Berhad, namely Grand-Flo Spritvest Sdn Bhd. Tan Chuan Hock is neither director nor shareholder in Grand-Flo Spritvest Sdn Bhd. The principal activity of Grand-Flo Spritvest Sdn Bhd is in the provision of technology solutions specialising in automated data collection resources and mobile computing.

For Grand-Flo Berhad, Tan Chuan Hock is a Non-Independent Non-Executive Director and is not involved in the day-to-day operations and decision making of Grand-Flo Berhad.

Our Directors are of the opinion that the abovementioned transaction with Grand-Flo Spritvest Sdn Bhd, a wholly-owned subsidiary of Grand-Flo Berhad, were conducted based on negotiated terms and carried out on an arm's length basis, on normal commercial terms and are not detrimental to the interest of our minority shareholders.

Save as disclosed above, the involvement of our Directors and/or substantial shareholders in the other businesses or corporations abovementioned are minimal, as they are only required to attend general meeting of the company as a shareholder and/or any board of directors' meeting and board committee meeting as a director. In addition, the other businesses or corporations have ceased operations and are in the midst of commencing members' voluntary winding-up/striking off.

The Audit Committee will review the Group's current and future related party transactions and Radiant Globaltech will seek such relevant shareholders' approval where required. We will also make disclosures in our annual report of the aggregate value of any recurrent related party transactions to be entered into by us (where required) based on the nature of the transactions

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

made, names of the related parties involved and their relationship with our Group. In addition, the related party is restricted to participate in any discussion in view of his interest, and he and persons connected to him are required to abstain from voting at the relevant general meeting where shareholders' approval is sought.

10.5 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.5.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

AIBB and/or its related companies (“**Alliance Banking Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading and credit transaction services business. The Alliance Banking Group has engaged and may in the future, engage in transactions with and perform services for the Radiant Globaltech Group and/or the Radiant Globaltech Group's affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the Radiant Globaltech Group, its shareholders, and/or its affiliates and/or any other entity or person, hold long or short positions in securities issued by the Radiant Globaltech Group and/or its affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of the Radiant Globaltech Group and/or its affiliates. This is the result of the businesses of Alliance Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Banking Group now have or in the future, may have an interest or take actions that may conflict with the interest of the Radiant Globaltech Group. Nonetheless, Alliance Banking Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

For information, the total outstanding financing to Radiant Globaltech Group amounting to RM2.552 million, represents 9.33% of the consolidated net assets of Radiant Globaltech as at 31 December 2017, and 0.05% of the latest available unaudited consolidated net assets of Alliance Bank Malaysia Berhad as at 31 March 2018.

AIBB has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent to our Group in relation to the Listing. The Underwriting Agreement, which certain details are set out in Sections 3.7.2 and 3.7.4 of this Prospectus, was entered into on arm's length basis and on market terms.

10.5.2 Solicitors for the Listing

Messrs. Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

10.5.3 External Auditors and Reporting Accountants

Messrs. Crowe Malaysia (*formerly known as Crowe Horwath*) has confirmed that there is no conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

10.5.4 Independent Market Researcher

Messrs. Smith Zander has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher to our Group in relation to the Listing.

11. FINANCIAL INFORMATION**11.1 HISTORICAL AUDITED COMBINED AND CONSOLIDATED FINANCIAL INFORMATION**

The historical audited combined financial information of our Group for FYE 31 December 2015 and 2016 and historical audited consolidated financial information of our Group for FYE 31 December 2017 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined and consolidated financial statements of our Group for the same financial years under review.

The historical audited combined and consolidated financial information should be read with our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in Section 11.2 of this Prospectus and with the Accountants' Report and related notes set out in Section 12 of this Prospectus. The historical audited combined and consolidated financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

(i) Historical audited combined and consolidated statements of profit or loss and other comprehensive income of our Group

	<-----Audited----->		
	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	66,402	76,847	80,783
Cost of sales	(42,704)	(45,660)	(47,254)
Gross profit	23,698	31,187	33,529
Other income	169	1,165	967
	23,867	32,352	34,496
Selling & distribution expenses	(887)	(912)	(1,201)
Administrative expenses	(2,924)	(3,841)	(4,578)
Staff costs	(10,487)	(13,783)	(16,800)
Other expenses	(1,360)	(1,612)	(2,139)
Finance costs	(174)	(357)	(617)
Share of net losses of equity accounted in an associate	-	-	(158)
PBT	8,035	11,847	9,003
Income tax expense	(1,690)	(2,377)	(1,893)
PAT	6,345	9,470	7,110
Other comprehensive (expenses)/income	(41)	26	(94)
Total comprehensive income	6,304	9,496	7,016
PAT attributable to owners of the Company	6,345	9,470	7,110
Total comprehensive income attributable to owners of the Company	6,304	9,496	7,016

11. FINANCIAL INFORMATION (Cont'd)

	<-----Audited----->		
	<-----FYE 31 December----->		
	2015	2016	2017
Number of issued ordinary shares ('000)	397,120 ⁽¹⁾	397,120 ⁽¹⁾	397,120
Depreciation (RM'000)	322	357	606
Basic and diluted EPS ⁽²⁾ (sen)	1.60	2.38	1.79
GP margin ⁽³⁾ (%)	35.69	40.58	41.51
PBT margin ⁽⁴⁾ (%)	12.10	15.42	11.14
PAT margin ⁽⁵⁾ (%)	9.56	12.32	8.80
Effective tax rate ⁽⁶⁾ (%)	21.03	20.06	21.03

Notes:-

- (1) The number of issued ordinary shares after acquisition of RG Malaysia and its subsidiary, and RG Solutions for the FYE 31 December 2015 and FYE 31 December 2016.
- (2) Basic EPS is calculated based on PAT divided by the number of issued ordinary shares. No dilution of EPS.
- (3) Gross profit margin is calculated based on gross profit divided by revenue.
- (4) PBT margin is calculated based on PBT divided by revenue.
- (5) PAT margin is calculated based on PAT divided by revenue.
- (6) Effective tax rate is calculated based on income tax expense divided by PBT.

11. FINANCIAL INFORMATION (Cont'd)

(ii) Historical combined and consolidated statements of financial position of our Group

	<-----Audited----->		
	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8,295	11,156	11,107
Investment in an associate	-	-	342
Deferred tax asset	-	-	490
Total non-current assets	8,295	11,156	11,939
Current assets			
Inventories	9,835	7,782	9,698
Trade receivables	20,532	22,725	22,903
Other receivables, deposits and prepayments	1,370	1,960	2,102
Amount owing by related parties	4,768	3,167	53
Current tax assets	233	513	904
Fixed deposits with licensed banks	1,139	1,727	1,524
Cash and bank balances	14,676	13,916	10,285
Total current assets	52,553	51,790	47,469
Total assets	60,848	62,946	59,408
Equity and liabilities			
Equity			
Share capital	1,025	1,675	19,856
Foreign exchange translation reserve	(173)	(147)	(241)
Merger deficit	-	-	(13,681)
Retained profits	17,646	21,816	21,426
Total equity	18,498	23,344	27,360
Non-current liabilities			
Hire purchase payables	702	591	667
Term loans	4,564	9,046	8,258
Deferred revenue	222	788	542
Total non-current liabilities	5,488	10,425	9,467

11. FINANCIAL INFORMATION (Cont'd)

	<-----Audited----->		
	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Current liabilities			
Trade payables	15,724	7,403	12,084
Other payables and accruals	9,595	12,409	9,006
Amount owing to related parties	6,863	3,027	49
Amount owing to a director	3,264	3,930	-
Bankers' acceptances	230	397	-
Hire purchase payables	108	105	161
Term loans	464	1,103	1,113
Current tax liabilities	614	803	168
Total current liabilities	36,862	29,177	22,581
Total liabilities	42,350	39,602	32,048
Total equity and liabilities	60,848	62,946	59,408
Number of issued ordinary shares ('000)	397,120 ⁽¹⁾	397,120 ⁽¹⁾	397,120
Net assets (RM'000)	18,498	23,344	27,360
Net assets per share (RM)	0.05	0.06	0.07

Note:-

- (1) The number of issued ordinary shares after acquisition of RG Malaysia and its subsidiary, and RG Solutions for the FYE 31 December 2015 and FYE 31 December 2016.

11. FINANCIAL INFORMATION (Cont'd)

Commentaries:-

Non-current assets

Radiant Globaltech Group's non-current assets for the past three (3) FYE 31 December 2015 to 2017 mainly consist of property, plant and equipment, which includes leasehold land and buildings, office buildings, motor vehicles, furniture and fittings, office equipment, renovation and computer are set out as below:-

FYE 31 December	Net Book Value (RM'000)							Total
	Leasehold land and buildings	Office Buildings	Motor Vehicles	Furniture and Fittings	Office equipment	Renovation	Computer	
2015	3,610	3,404	864	77	109	220	11	8,295
2016	3,543	6,229	777	151	96	353	7	11,156
2017	3,476	6,089	983	132	138	287	2	11,107

Leasehold land and buildings and office buildings are the properties we own for our operations which are located in Kuala Lumpur, i.e. Vertical Business Suite 03-06, Vertical Business Suite 03-07, Vertical Business Suite 03-08 and Shamelin Office. The increase of office buildings in the FYE 31 December 2015 and the FYE 31 December 2016 were due to the acquisition of Vertical Business Suite 03-06, Vertical Business Suite 03-07 and Vertical Business Suite 03-08.

As at the FYE 31 December 2017, we own a total of eight (8) units of motor vehicles, which includes three (3) units of commercial vans and five (5) units of cars. The increase in motor vehicles from the FYE 31 December 2016 to the FYE 31 December 2017 was related to the acquisition of one (1) unit of new car for our director and one (1) unit of new car for our business operations in Vietnam amounting to a total of RM0.478 million.

In the FYE 31 December 2017, our Group recorded deferred tax asset amounting to RM0.490 million due to taxation that was paid in advance for revenue to be recognised in future periods related to RG Malaysia and RG Cambodia.

11. FINANCIAL INFORMATION (Cont'd)**Current assets**

The decrease from RM52.553 million as at 31 December 2015 to RM51.790 million as at 31 December 2016 was mainly due to the net effects of the following:-

- Decrease in inventories by RM2.053 million, which was mainly due to the inventories written down of RM1.535 million of stock;
- Increase in trade receivables by RM2.193 million, which was in line with the increase in sales for the financial year under review; and
- Repayment by related parties amounting to RM1.601 million.

The decrease from RM51.790 million as at 31 December 2016 to RM47.469 million as at 31 December 2017 was mainly due to the net effects of the following:

- Repayment by related parties amounting to RM3.114 million;
- Decrease in cash and bank balances by RM3.631 million was mainly due to payment of incentives provided for in prior year and dividends; and
- Increase in inventories by RM1.916 million, which was mainly due to the purchase of inventories for POS equipment in a refreshment exercise of Japanese based hypermarkets for purchase orders received during the end of FYE 31 December 2017.

Please refer to Sections 11.2.8 and 11.2.2 of this Prospectus for further details on trade receivables and inventories, and a summary of our Group's historical audited combined and consolidated statements of cash flows, respectively.

Equity

During the FYE 31 December 2016, Radiant Globaltech's combined issued share capital increased by RM650,000 from RM1,025,195 to RM1,675,195 due to the following:-

- The allotment of 50,000 new ordinary shares in Radiant Globaltech, issued via cash consideration for working capital purposes;
- The allotment of 300,000 new ordinary shares in RG Malaysia issued via a bonus issue exercise; and
- The allotment of 300,000 new ordinary shares in RG Malaysia, issued via cash consideration for working capital purposes.

The increase in total equity from RM18.498 million as at 31 December 2015 to RM23.344 million as at 31 December 2016 is due to the increase in retained profits, which was in line with the increase in our Group's PAT, and issuance of new ordinary shares in Radiant Globaltech and RG Malaysia by cash as abovementioned.

As at 31 December 2017, total equity increased as Radiant Globaltech's consolidated issued share capital increased from RM1,675,195 to RM19,856,000 due to the following:-

- The allotment of 90,000,000 new ordinary shares in Radiant Globaltech via a bonus issue on the basis of 30 bonus shares for every one (1) existing share;
- The allotment of 282,660,000 new ordinary shares in Radiant Globaltech pursuant to the acquisition of RG Malaysia and its subsidiary; and
- The allotment of 21,460,000 new ordinary shares in Radiant Globaltech pursuant to the acquisition of RG Solutions.

Please refer to Sections 5.1.3 and 5.2 of this Prospectus for further details on the increase in the issued share capital of Radiant Globaltech and its subsidiaries, respectively.

11. FINANCIAL INFORMATION (Cont'd)

Non-current liabilities

The increase from RM5.488 million as at 31 December 2015 to RM10.425 million as at 31 December 2016 was mainly due to the following:-

- Increase in term loans by RM4.482 million to finance the purchase of our Vertical Business Suite 03-08 and drawdown for working capital purposes; and
- Increase in deferred revenue by RM0.566 million, which was mainly due to prepayment by our customers on the software license and maintenance service fees.

The decrease from RM10.425 million as at 31 December 2016 to RM9.467 million as at 31 December 2017 was mainly due to decrease in term loans by RM0.788 million arising from repayment of our term loans via monthly instalments.

Current liabilities

The decrease from RM36.862 million as at 31 December 2015 to RM29.177 million as at 31 December 2016 was mainly due to the net effects of the following:-

- Decrease in trade payables by RM8.321 million, which was mainly due to prompt payment made to our suppliers in the current financial year in line with the adoption of prompt payment practice by our Group;
- Increase in other payables and accruals by RM2.814 million, which was mainly due to increase in advances from customers, deposits received and deferred revenue;
- Repayment to related parties amounting to RM3.836 million; and
- Increase in term loans by RM0.639 million to finance the purchase of our Vertical Business Suite 03-08.

The decrease from RM29.177 million as at 31 December 2016 to RM22.581 million as at 31 December 2017 was mainly due to the following:-

- Repayment to directors in full amounting to RM3.930 million;
- Decrease in bankers' acceptances of RM0.397 million; and
- Repayment to related parties amounting to RM2.978 million.

Please refer to Sections 11.4 and 11.2.8 of this Prospectus for further details on our Group's borrowing and financial instruments as well as trade payables, respectively.

11. FINANCIAL INFORMATION (Cont'd)**11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS**

Investors should read the following management's discussion and analysis of our Group's financial conditions and results of operations in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined and consolidated financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

11.2.1 Analysis of our Group's operating results

Our Group is principally involved in the provision of retail technology solutions. Retail technology solutions are product and services used by businesses in the retail sector to automate their operations, in order to increase efficiency and to reduce costs.

Our retail technology products and services are as follows:-

- (i) Hardware for the retail industry;
- (ii) Software for the retail industry; and
- (iii) Maintenance and technical support services for retail hardware and software.

Please refer to Section 5 of this Prospectus for our Group's detailed business overview.

(a) Segmental analysis

The table below sets forth the breakdown of our Group's revenue and gross profit for the respective financial years under review:-

Revenue analysis**(i) Analysis of contribution to revenue by business activities**

Business Activities	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Hardware	51,277	77.23	58,509	76.14	58,306	72.18
Software	6,344	9.55	7,104	9.24	10,432	12.91
➤ <i>In-house</i>	1,924	2.90	3,384	4.40	4,007	4.96
➤ <i>Third party</i>	4,420	6.65	3,720	4.84	6,425	7.95
Maintenance and technical support services	8,781	13.22	11,234	14.62	12,045	14.91
Total	66,402	100.00	76,847	100.00	80,783	100.00

11. FINANCIAL INFORMATION (Cont'd)

(ii) Analysis of contribution to revenue by companies

Companies	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Radiant Globaltech	1,924	2.90	3,384	4.41	4,007	4.96
RG Malaysia	57,517	86.62	64,858	84.40	61,821	76.53
RG Solutions	4,015	6.05	3,543	4.61	4,369	5.41
RG Cambodia	206	0.31	1,671	2.17	2,625	3.25
RG Vietnam	2,740	4.12	3,391	4.41	7,961	9.85
Total	66,402	100.00	76,847	100.00	80,783	100.00

11. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of revenue by geographical location**

	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Local (Malaysia)	61,180	92.14	67,946	88.42	66,600	82.44
Overseas	5,222	7.86	8,901	11.58	14,183	17.56
Total	66,402	100.00	76,847	100.00	80,783	100.00

The segmentation below was tabulated based on the registered address of our customers. The invoices were issued to the customer's billing offices, which may be located overseas.

Overseas Countries	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%^	RM'000	%^	RM'000	%^
Australia ⁽¹⁾	8	0.01	13	0.02	5	0.01
Brunei ⁽²⁾	-	-	*	-	-	-
Cambodia	205	0.31	1,685	2.19	2,644	3.27
Germany ⁽¹⁾	26	0.04	315	0.41	-	-
Hong Kong ⁽³⁾	-	-	132	0.17	4	0.01
Iceland ⁽¹⁾	-	-	11	0.01	-	-
Indonesia	192	0.28	209	0.27	572	0.71
Italy ⁽¹⁾	7	0.01	15	0.02	-	-
Japan ⁽⁴⁾	48	0.07	634	0.83	2,196	2.72
Maldives ⁽¹⁾	-	-	-	-	6	0.01
Myanmar	223	0.34	115	0.15	35	0.04
Philippines ⁽⁵⁾	57	0.09	1,094	1.42	357	0.44
Singapore ⁽³⁾	452	0.68	821	1.07	1,434	1.78
Sri Lanka	-	-	-	-	781	0.97
Taiwan	34	0.05	56	0.07	96	0.11
Thailand	867	1.31	275	0.36	7	0.01
Vietnam	3,103	4.67	3,526	4.59	6,046	7.48
Total	5,222	7.86	8,901	11.58	14,183	17.56

Notes:-

* Amount below RM1,000.

^ Percentage is calculated by taking the revenue from the respective country and dividing it by the total revenue for the relevant FYEs.

11. FINANCIAL INFORMATION (Cont'd)

- (1) *Products and services were delivered and/or performed in Malaysia.*
- (2) *Products and services were delivered and/or performed in Brunei and Malaysia.*
- (3) *Products and services were delivered and/or performed in Singapore and Malaysia.*
- (4) *Products and services were delivered and/or performed in Vietnam and Malaysia.*
- (5) *Products and services were delivered and/or performed in the Philippines and Malaysia.*

Gross profit and gross profit margins analysis

- (i) **Analysis of contribution to gross profit and gross profit margin by business activities**

Business activities	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Gross Profit						
Hardware	14,782	62.38	17,408	55.82	18,116	54.03
Software	3,870	16.33	5,118	16.41	6,563	19.57
➤ <i>In-house</i>	1,876	7.92	3,315	10.63	3,877	11.56
➤ <i>Third party</i>	1,994	8.41	1,803	5.78	2,686	8.01
Maintenance and technical support services	5,046	21.29	8,661	27.77	8,850	26.40
Total	23,698	100.00	31,187	100.00	33,529	100.00
Gross Profit Margin (%)						
Hardware		28.83		29.75		31.07
Software		61.00		72.04		62.91
➤ <i>In-house</i>		97.51		97.96		96.76
➤ <i>Third party</i>		45.11		48.47		41.81
Maintenance and technical support services		57.47		77.10		73.47
Total		35.69		40.58		41.51

11. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of contribution to gross profit and gross profit margin by company**

Companies	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Gross Profit						
Radiant Globaltech	1,876	7.92	3,315	10.63	3,877	11.56
RG Malaysia*	18,795	79.31	23,983	76.90	23,071	68.81
RG Solutions	2,002	8.45	1,613	5.17	1,878	5.60
RG Cambodia	113	0.47	678	2.19	1,752	5.23
RG Vietnam	912	3.85	1,598	5.11	2,951	8.80
Total	23,698	100.00	31,187	100.00	33,529	100.00
Gross Profit Margin (%)						
Radiant Globaltech		97.51		97.96		96.76
RG Malaysia		32.68		36.98		37.32
RG Solutions		49.86		45.53		42.98
RG Cambodia		54.85		40.57		66.74
RG Vietnam		33.28		47.12		37.07
Total		35.69		40.58		41.51

Note:-

- * Accurate Computer Solutions was a subsidiary of RG Malaysia during the FYE 31 December 2015 and 2016. The revenue generated by Accurate Computer Solutions was derived from the sale of goods to RG Malaysia. Hence, the cost of sales incurred by Accurate Computer Solutions were essentially purchases made for RG Malaysia. For the purpose of a more reflective computation of the GP of RG Malaysia, the cost of sales of Accurate Computer Solutions were also included as part of the cost of sales of RG Malaysia.

11. FINANCIAL INFORMATION (Cont'd)**(b) Financial Commentaries****FYE 31 December 2015****Revenue**

For the FYE 31 December 2015, our Group's revenue increased substantially by approximately 23.11% or RM12.464 million from RM53.938 million in the FYE 31 December 2014 to RM66.402 million in the FYE 31 December 2015.

The increase in revenue was due to our efforts to cross-sell our software products, and maintenance and technical support services to our hardware customers by leveraging on our large base of hardware customers.

The increase in our Group's revenue from the FYE 31 December 2014 to FYE 31 December 2015 was mainly due to the following:-

- Increase in retail hardware orders and maintenance contract from a Japanese based IT company by RM11.285 million. The purchase orders secured were for a few Japanese based retail stores and outlets, which are located in Malaysia for replacement of POS hardware;
- Increase in purchase orders from a security services firm by RM3.221 million for handheld terminals bundled with our in-house *AX Mobile – proof of delivery system* software;
- Increase in purchase orders for retail hardware orders and maintenance contracts by RM1.342 million from a foreign owned retail hypermarket located in Malaysia;
- Increase in purchase orders from one of our principals by RM1.545 million mainly for provision of installation services for bundled POS hardware and software at 24-hour convenience store outlets;
- Increase in purchase orders from Malaysian based health and beauty store outlet by RM2.388 million for retail hardware and maintenance; and
- Subscription of our in-house software services, namely *AX Mobile Consignment Portal* amounting to RM1.724 million from a Malaysian based departmental store;

which was offset mainly by the following:-

- Decrease in retail hardware and orders bundled with third party retail software which we offer, i.e. *Microsoft Dynamics Nav* and *LS Retail*, by RM4.994 million contributed by a Malaysian based departmental store for replacement of POS hardware and provision of third-party software which was completed in year 2014; and
- Decrease in retail hardware orders and maintenance contracts by RM4.084 million from a Malaysian based IT company.

Our Group's hardware segment revenue increased by RM8.112 million or 18.79% from RM43.165 million to RM51.277 million in the FYE 31 December 2014 and FYE 31 December 2015, respectively. Some of our hardware customers also entered into maintenance and technical support services contracts, which resulted in an increase in revenue from our maintenance and technical support services segment. Notwithstanding the increase in revenue contribution, the percentage of contribution from hardware segment decreased from 80.03% in the FYE 31 December 2014 to 77.23% in the FYE 31 December 2015. This was due to the revenue from both software segment and maintenance and technical support services segment increasing at a higher rate as compared to hardware segment.

11. FINANCIAL INFORMATION (Cont'd)

For our Group's software segment, our revenue contribution from in-house software increased by RM0.776 million or 67.60% from the FYE 31 December 2014 to the FYE 31 December 2015. This was mainly due to the subscription of our in-house software services amounting to RM1.724 million from a Malaysian based departmental store, as disclosed above.

Our revenue contribution from the third party software decreased by RM1.394 million or 23.98% from the FYE 31 December 2014 to the FYE 31 December 2015. In the FYE 31 December 2014, our Group had received a large purchase order from a Malaysian based departmental store for replacement of POS hardware and provision of third-party software. The Malaysian based departmental store only required renewal of third party software license in the FYE 31 December 2015, resulting in a decrease in the revenue of third party software segment.

GP and GP margin

Our Group's overall GP increased by RM5.652 million from RM18.046 million in the FYE 31 December 2014 to RM23.698 million in the FYE 31 December 2015.

The increase in overall GP margins from 33.46% in the FYE 31 December 2014 to 35.69% in the FYE 31 December 2015 was mainly due to the increase in our revenue and corresponding increase in GP for our in-house retail software, and maintenance and technical support services arising from our cross-selling efforts.

For the FYE 31 December 2015, there was a significant increase in GP margin of our in-house software from 48.87% in the FYE 31 December 2014 to 97.51% the FYE 31 December 2015. This was primarily due to most of our in-house software for the financial year under review has been commercialised. In addition, our in-house software cost comprising server costs are relatively stagnant year-on-year while revenue had continued increasing at a higher rate.

The increase in our GP margin was also due to the maintenance and technical support services segment, which had registered a significant increase by 358.73% or RM3.946 million from RM1.100 million in the FYE 31 December 2014 to RM5.046 million in the FYE 31 December 2015. This was mainly due to the maintenance contracts we secured from a Japanese based IT company and a foreign owned retail hypermarket in Malaysia amounting to RM5.315 million.

However, our GP margin for the hardware segment decreased by 1.66% from 30.49% in the FYE 31 December 2014 to 28.83% in the FYE 31 December 2015. This was mainly due to several hardware purchase orders received from a Japanese based IT company and a foreign owned retail hypermarket in Malaysia, which had lower profit margins due to competitive pricing.

Further, for the FYE 31 December 2015, there was a decrease in GP margin of our third-party software from 55.45% to 45.11%. The decrease in GP margin for third party software segment was primarily due to lower partner discount rate from Microsoft Regional Sales Corporation to RG Solutions in FYE 31 December 2015, which resulted in lower GP margins as compared to FYE 31 December 2014. The partner discount rates are given by Microsoft Regional Sales Corporation based on the level of sales recorded by RG Solutions.

PBT and PBT margin

In the FYE 31 December 2015, our Group recorded a PBT of RM8.035 million (2014: RM4.674 million). The increase in PBT by RM3.361 million was in line with the increase in revenue and GP margin. The PBT margin increased from 8.67% in the FYE 31 December 2014 to 12.10% in the FYE 31 December 2015.

11. FINANCIAL INFORMATION (Cont'd)**PAT and PAT margin**

In the FYE 31 December 2015, our Group recorded a PAT of RM6.345 million (2014: RM3.456 million). The increase in PAT by RM2.889 million was in line with the increase in revenue and lower effective tax rate due to our MSC-Malaysia status. The PAT margin increased from 6.41% in the FYE 31 December 2014 to 9.56% in the FYE 31 December 2015.

FYE 31 December 2016**Revenue**

For the FYE 31 December 2016, our Group's revenue increased by approximately 15.73% or RM10.445 million from RM66.402 million in the FYE 31 December 2015 to RM76.847 million in the FYE 31 December 2016.

The increase in our Group's revenue from the FYE 31 December 2015 to FYE 31 December 2016 was mainly due to the following:-

- Increase in purchase orders from a Japanese based IT company for a few Japanese based retail stores and outlets by RM0.683 million for retail hardware order and maintenance contract;
- Increase in retail hardware order and maintenance contract from a foreign owned retail hypermarket located in Malaysia by RM4.374 million;
- Increase in retail hardware order amounting by RM3.812 million that was derived from a Malaysian postal and courier services company;
- Increase in purchase orders from one of our principals by RM1.655 million mainly for handheld terminals and *AX Mobile* software at 24-hour convenience store outlets;
- Purchase order for POS hardware amounting to RM3.000 million for food and beverage outlets;
- Purchase order from a Malaysian based pharmacy of RM1.234 million for POS software; and
- Increase in subscription of our in-house software namely *AX Retail B2B Portal*, by Philippines based supermarkets by RM0.994 million;

which was offset mainly due to the decrease in purchase orders from a security services firm by RM4.935 million for handheld terminals bundled with our in-house *AX Mobile – proof of delivery system* software which was completed in year 2015.

Our Group's hardware segment revenue increased by RM7.232 million or 14.10% from RM51.277 million to RM58.509 million in the FYE 31 December 2015 and FYE 31 December 2016 respectively, with a corresponding increase in revenue from our maintenance and technical support services segment by RM2.453 million or 27.94% from RM8.781 million in the FYE 31 December 2015 to RM11.234 million in the FYE 31 December 2016, as majority of our customers who entered into maintenance and technical support services were our hardware customer. Notwithstanding the revenue from both software segment and maintenance and technical support services segment increased at a higher rate as compared to hardware segment, the percentage of contribution from hardware segment only decreased slightly from 77.23% in the FYE 31 December 2015 to 76.14% in the FYE 31 December 2016 due to successfully procuring a few large orders as disclosed above in the financial year under review.

For our Group's software segment, our revenue contribution from in-house software increased by RM1.460 million or 75.88% from the FYE 31 December 2015 to the FYE 31 December 2016. This was mainly due to the new

11. FINANCIAL INFORMATION (Cont'd)

subscription of our in-house software, *AX Retail B2B Portal*, by Philippines based supermarkets as disclosed above. In contrast, contribution from third party software had decreased by RM0.700 million or 15.84% from RM4.420 million to RM3.720 million in the FYE 31 December 2015 and the FYE 31 December 2016 respectively. The decrease in the revenue contribution from third party software was mainly due to completion of software refreshment exercise in a Malaysian based departmental stores in the FYE 31 December 2015.

GP and GP margin

Our Group's overall GP increased by RM7.489 million from RM23.698 million in the FYE 31 December 2015 to RM31.187 million in the FYE 31 December 2016. Our Group's GP margin increased from 35.69% in the FYE 31 December 2015 to 40.58% in the FYE 31 December 2016 mainly due to the overall increase in GP margins across all segments.

The increase in GP margins for software segment was due to both our in-house software and third party software segment. Our in-house software does not incur software license costs from a software developer, unlike our third party software. This cost of sales for our in-house software segment is relatively stagnant and as the revenue generated from this segment increased at a higher rate than cost of sales, the GP margin attained from this in-house software segment increased from 97.51% in the FYE 31 December 2015 to 97.96% in the FYE 31 December 2016.

GP margin for third party software segment had increased from 45.11% in the FYE 31 December 2015 to 48.47% in FYE 31 December 2016 mainly due to decrease in software license costs coupled with more professional services rendered by RG Solutions comprising customisation, enhancements, localisation and/or add-ons, thus contributing to the increase in margins for this segment.

The increase in GP margins of maintenance and technical support services segment by 19.63% from 57.47% in the FYE 31 December 2015 to 77.10% in the FYE 31 December 2016 was due to higher maintenance contracts contributed by Japanese based IT company and a foreign owned retail hypermarket in Malaysia amounting to RM8.793 million. The costs of replacement parts incurred incidental to our maintenance and technical support service contracts increased at a lower rate than our revenue in this segment.

PBT and PBT margin

In the FYE 31 December 2016, our Group recorded a PBT of RM11.847 million (2015: RM8.035 million). The increase in PBT was in line with the increase in revenue and GP margins. The PBT margin increased from 12.10% in the FYE 31 December 2015 to 15.42% in the FYE 31 December 2016.

PAT and PAT margin

In the FYE 31 December 2016, our Group recorded a PAT of RM9.470 million (2015: RM6.345 million). The PAT margin increased from 9.56% in the FYE 31 December 2015 to 12.32% in the FYE 31 December 2016. The increase in PAT was in line with the increase in revenue and GP margins and tax exemption on profit arising from the Pioneer Status granted to our in-house software business segment as well as contribution from other income such as unrealised gain on foreign exchange.

11. FINANCIAL INFORMATION (Cont'd)**FYE 31 December 2017****Revenue**

For the FYE 31 December 2017, our Group's revenue increased by approximately 5.12% or RM3.936 million from RM76.847 million in the FYE 31 December 2016 to RM80.783 million in the FYE 31 December 2017.

The increase in our Group's revenue from the FYE 31 December 2016 to FYE 31 December 2017 was mainly contributed by the following:-

- Purchase order from a supermarket chain located in Sri Lanka, for installation of third party software i.e. *MS Dynamics NAV and LS Retail* software for our third party retail software amounting to RM0.781 million;
- Sales to a Japanese based supermarket in Vietnam for third party software i.e. *CRM Loyalty System* amounting to RM1.208 million;
- A few large purchase orders of handheld terminals, POS equipment/peripheral and sales data collection device as well as technical support services to one of our principals amounting to RM8.665 million for an e-service provider;
- Sales of POS equipment/peripherals and technical support services to food and beverage outlets amounting to RM1.652 million for upgrading of POS equipments/peripherals at their outlets;
- Increase in purchase orders for retail hardware from a Malaysian based health and beauty store by RM0.777 million; and
- Increase in purchase orders for retail hardware from a supermarket chain in Cambodia by RM1.857 million;

which was offset mainly due to the following:-

- Decrease in retail hardware orders and maintenance contracts from foreign owned retail hypermarket by RM3.629 million;
- Decrease in sales of hardware consumables by RM4.481 million from a Malaysian postal service provider; and
- Decrease in retail hardware orders by RM3.034 million from a Japanese based IT company.

Our Group's hardware segment revenue decreased slightly by RM0.203 million or 0.35% from RM58.509 million in the FYE 31 December 2016 to RM58.306 million in the FYE 31 December 2017. The decrease was mainly caused by net effect of the following:-

- Completion of POS equipment/peripherals refreshment exercise by the Japanese based retail stores and outlets in year 2016 which did not recur in 2017; and
- Large orders received from the supermarket chain located in Cambodia, food and beverage outlets and one of our principals for an e-service provider in the current financial year.

On the contrary, our maintenance and technical support services segment's revenue increased by RM0.811 million or 7.22%. The increase was mainly contributed by the following:-

- Maintenance and technical support services contracts secured from existing customers in RG Malaysia; and
- RG Vietnam has also received additional maintenance and technical support services contracts from new customers. This is in line with our Group's Vietnam expansion strategies implemented throughout the year.

11. FINANCIAL INFORMATION (Cont'd)

For our Group's software segment, our revenue contribution from in-house software increased by RM0.623 million or 18.41% from RM3.384 million in the FYE 31 December 2016 to RM4.007 million in the FYE 31 December 2017. This was mainly due to the new subscription of our in-house software, namely *AX Retail Consignment Portal* by a Malaysian retail bookstore and *AX Mobile* by an Indonesian IT reseller for a Thailand-based furniture retailer.

Contribution from third party software had also increased by RM2.705 million or 72.72% from RM3.720 million in the FYE 31 December 2016 to RM6.425 million in the FYE 31 December 2017. The increase was mainly contributed by the following:-

- Orders from a supermarket chain in Sri Lanka and Indonesian IT reseller amounting to a total of RM1.206 million for our third party software, namely *MS Dynamics NAV and LS Retail* software; and
- RG Vietnam received new software purchase order from a Japanese based supermarket in Vietnam for third party software i.e. *CRM Loyalty System* amounting to RM1.208 million.

GP and GP margin

Our Group's overall GP increased by RM2.342 million from RM31.187 million in the FYE 31 December 2016 to RM33.529 million in the FYE 31 December 2017 while GP margin increased from 40.58% in the FYE 31 December 2016 to 41.51% in the FYE 31 December 2017. The increase in GP and GP margin was primarily due to increased GP contribution from hardware segment notwithstanding recording stagnant hardware revenue.

For hardware segment, our Group constantly monitors our product pricing, to ensure the profitability of the purchase orders secured are within the range of profit margin or offering competitive pricing on a case-to-case basis, as determined by the Executive Directors of our Group. This had resulted in the marginal fluctuation of GP margin of the hardware segment throughout the FYE 31 December 2014 to the FYE 31 December 2017. Besides, our Group leverages on our large base of hardware customers to cross-sell our software and maintenance and technical support services.

In the FYE 31 December 2017, in order to attract new software customers and also to expand our market share in the software segment, we have secured a few new purchase orders, which had registered a lower GP margins. Coupled with the decrease in our partner discount rate from Microsoft Regional Sales Corporation to RG Solutions in the FYE 31 December 2017, GP margins for software segment had decreased by 9.13% from 72.04% in the FYE 31 December 2016 to 62.91% in FYE 31 December 2017.

GP margins of maintenance and technical support services segment had decreased by 3.63% from 77.10% in the FYE 31 December 2016 to 73.47% in the FYE 31 December 2017. Our maintenance and technical support services segment's cost of sales had increased significantly arising from repairs and maintenance undertaken for our retail hardware customers with maintenance contracts, where the cost of replacement of spare parts are borne by us.

PBT and PBT margin

In the FYE 31 December 2017, our Group recorded a PBT of RM9.003 million (2016: RM11.847 million). The PBT margin decreased from 15.42% in the FYE 31 December 2016 to 11.14% in the FYE 31 December 2017. The decrease in PBT was mainly due to the following:-

11. FINANCIAL INFORMATION (Cont'd)

- One-off IPO expenses incurred amounting to RM0.957 million; and
- Higher staff costs incurred as the number of employees for our Group increased from 212 employees in the FYE 31 December 2016 to 247 employees in the FYE 31 December 2017.

PAT and PAT margin

In the FYE 31 December 2017, our Group recorded a PAT of RM7.110 million (2016: RM9.470 million). The PAT margin decreased from 12.32% in the FYE 31 December 2016 to 8.80% in the FYE 31 December 2017. The decrease in PAT was in line with the decrease in PBT.

(c) Other key factors affecting the profitability of our Group

The other key factors affecting the profitability of our Group include those factors discussed below and other sections in this Prospectus, in particular the risk factors under Section 4 of this Prospectus:-

(i) Cost of Sales

A breakdown of the components of our cost of sales for the past three (3) FYE 31 December 2015 to 2017 are as follows:-

Types of cost	----- Audited ----->					
	-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Retail technology solutions related*	42,378	99.24	45,261	99.13	46,638	98.70
Carriage inwards	137	0.32	124	0.27	105	0.22
Custom duties	96	0.22	162	0.35	372	0.79
Ocean/Air freight charges	80	0.19	76	0.17	75	0.16
Import Charges	13	0.03	37	0.08	64	0.13
Total	42,704	100.00	45,660	100.00	47,254	100.00

Note:-

- * Comprising mainly hardware cost such as POS equipment/peripherals, handheld terminals, barcode scanners including cost of replacement parts; cost of third party software such as LS Retail and Microsoft Dynamic NAV; and cost of in-house software such as server rental.

11. FINANCIAL INFORMATION (Cont'd)**(aa) Analysis of cost of sales by companies**

Companies	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Radiant Globaltech	48	0.11	69	0.15	130	0.28
RG Malaysia*	38,722	90.68	40,875	89.52	38,750	82.00
RG Solutions	2,013	4.71	1,930	4.23	2,491	5.27
RG Cambodia	93	0.22	993	2.17	873	1.85
RG Vietnam	1,828	4.28	1,793	3.93	5,010	10.60
Total	42,704	100.00	45,660	100.00	47,254	100.00

Note:-

- * Accurate Computer Solutions was a subsidiary of RG Malaysia during the FYE 31 December 2015 and 2016. The revenue generated by Accurate Computer Solutions was derived from the sale of goods to RG Malaysia. Hence, the cost of sales incurred by Accurate Computer Solutions were essentially purchases made for RG Malaysia. For the purpose of a more reflective computation of the GP of RG Malaysia, the cost of sales of Accurate Computer Solutions were also included as part of the cost of sales of RG Malaysia.

(bb) Analysis of cost of sales by business activities

Business activities	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Hardware	36,495	85.46	41,101	90.01	40,190	85.05
Software	2,474	5.80	1,986	4.35	3,869	8.19
Maintenance and technical support services*	3,735	8.74	2,573	5.64	3,195	6.76
Total	42,704	100.00	45,660	100.00	47,254	100.00

Note:-

- * Cost of sales of maintenance and technical support services consist of spare parts cost and on-site services fees (for those performed by our outsourced service providers and generally billed to our Group on a monthly basis).

11. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2015***

Our cost of sales for the FYE 31 December 2015 increased by 18.98% from the FYE 31 December 2014 due to the following reasons:-

- The increase in cost of sales for the hardware segment was in line with its increase in sales. However, the percentage of revenue contribution and gross profit margin declined for the FYE 31 December 2015 due to higher cost of sales arising from several purchase orders with competitive pricing; and
- The increase in cost of sales for our maintenance and technical support services segment was in line with the increase in revenue.

Although there was an increase in the overall cost of sales, the decrease in cost of sales in our software segment by RM0.703 million was mainly due to the lower costs incurred for the renewal of third party retail software license as compared to the purchase of new third party retail software licenses in the FYE 31 December 2014 for a Malaysian based department store. This was in line with the decrease in revenue contribution from our third party software segment.

FYE 31 December 2016

Our cost of sales for the FYE 31 December 2016 increased by 6.92% from the FYE 31 December 2015 primarily due to the increase in cost of sales in the hardware segment by RM4.606 million or 12.62% from the FYE 31 December 2015 to the FYE 31 December 2016, which was in line with the increase of our sales from hardware segment by RM7.232 million or 14.10%.

Although our overall cost of sales increased, there was a decrease in cost of sales in the software and maintenance and technical support services segment. This was due to the decrease in third party software sales from RG Solutions and lower cost of replacement parts incurred for the financial year under review, respectively.

FYE 31 December 2017

Our cost of sales for the FYE 31 December 2017 increased by 3.49% from the FYE 31 December 2016 primarily due to the increase in cost of sales in the software segment by RM1.883 million or 94.81% from the FYE 31 December 2016 to the FYE 31 December 2017, which was in line with the increase of our sales from software segment.

The increase in cost of sales in the software segment was mainly due to the increase in the purchase of new third party retail software licenses from our third party software developer for new customers secured as compared to the previous year.

The cost of sales for maintenance and technical support services had also increased due to higher cost of replacement of spare parts following the increase in customers and revenue for this segment.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Other Income**

Our Group's other income consisted of the following:-

Other income	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Interest income	53	31.36	155	13.30	89	9.20
Administration income	96	56.80	99	8.50	-	-
Writeback of impairment losses on trade receivables	18	10.65	-	-	507	52.43
Gain on foreign exchange						
- realised	-	-	*	-	-	-
- unrealised	-	-	720	61.81	-	-
Gain on disposal of investment	-	-	-	-	8	0.83
Others	2	1.19	191	16.39	363	37.54
Total	169	100.00	1,165	100.00	967	100.00

Note:-

* Amount below RM1,000.

For 31 December 2016, there was an increase of RM0.996 million as compared to the FYE 31 December 2015, which was mainly due to unrealised gain on foreign exchange and income derived from providing training to one of our customers during the FYE 31 December 2016.

For the FYE 31 December 2017, there was a decrease of RM0.198 million as compared to the FYE 31 December 2016, which was mainly due to the net effect of decrease of unrealised gain on foreign exchange and increase in the writeback of impairment losses on trade receivables. The increase of writeback of impairment losses on trade receivables was mainly due to our Group's constant follow-up with debtors which had resulted in the recovery of impairment losses on trade receivables amounting to RM0.507 million.

11. FINANCIAL INFORMATION (Cont'd)**(iii) Selling and Distribution Expenses**

Our Group's selling and distribution expenses consisted of the following:-

Selling and Distribution Expenses	----- Audited ----->					
	-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Advertisement, promotion, exhibition expenses and others	36	4.06	29	3.18	69	5.75
Commission	851	95.94	883	96.82	1,132	94.25
Total	887	100.00	912	100.00	1,201	100.00

Our Group's selling and distribution expenses increased marginally by 2.82% from RM0.887 million in the FYE 31 December 2015 to RM0.912 million in the FYE December 2016.

Our Group's selling and distribution expenses increased by 31.69% from RM0.912 million in the FYE 31 December 2016 to RM1.201 million in the FYE December 2017. The increase of RM0.289 million was mainly due to the commission paid to third party referrals.

Our Group's advertisement, promotion, exhibition expenses and others for the FYE 31 December 2015 and the FYE 31 December 2016 was mainly contributed by the expenses incurred in our "Partner and Resellers Get Together" as disclosed in Section 5.7.9(ii) of this Prospectus. For the FYE 31 December 2017, our Group's advertisement, promotion, exhibition expenses and others were mainly contributed by the expenses incurred in our participation at the Asia-Pacific Retailers Convention and Exhibition (APRCE).

Commission was paid to third party referrals and our sales team, which is determined on a case to case basis, subject to the approval of our Executive Directors. The third party referral is mostly our business associates.

11. FINANCIAL INFORMATION (Cont'd)**(iv) Administrative Expenses**

Our Group's administrative expenses consisted of the following:-

Administrative Expenses	-----Audited----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Upkeep/maintenance expenses	231	7.90	469	12.21	349	7.62
Staff amenities	235	8.04	327	8.51	295	6.44
Professional fees	138	4.72	216	5.62	408	8.91
Office expenses	1,025	35.05	1,190	30.98	1,658	36.22
Transportation	169	5.78	229	5.96	151	3.30
Entertainment and travelling	1,045	35.74	1,326	34.53	1,489	32.53
Miscellaneous expenses	81	2.77	84	2.19	228	4.98
Total	2,924	100.00	3,841	100.00	4,578	100.00

The increase in administrative expenses across the past three (3) FYE 31 December 2015 to FYE 31 December 2017 were mainly due to increase in office related expenses which was in line with the increase of our employee headcount. The number of employees was at 160, 212 and 247 as at 31 December 2015 to 2017 respectively.

In addition, our Group's administrative expenses for the FYE 31 December 2016 increased by 31.36% as compared to the FYE 31 December 2015. This was mainly attributed to the increase in upkeep / maintenance expenses by 103.03% due to setting up of our head office at Vertical Business Suite 03-06 and Vertical Business Suite 03-07; and support centre for IT outsourcing services in Mont Kiara, Kuala Lumpur.

Our administrative expenses for the FYE 31 December 2017 increased by RM0.737 million or 19.19% from the FYE 31 December 2016. This increase was mainly caused by the office expenses of RM1.658 million. Our office expenses increased by RM0.468 million or 39.33% mainly due to increase in rental for our customer support service offices and newly rented sales office in Ho Chi Minh City, Vietnam; and insurance for our business operations in Malaysia.

11. FINANCIAL INFORMATION (Cont'd)**(v) Staff Costs**

Our Group's staff costs consisted of the following:-

Staff Costs	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration	2,014	19.20	2,288	16.60	3,494	20.80
Staff remuneration	8,473	80.80	11,495	83.40	13,306	79.20
Total	10,487	100.00	13,783	100.00	16,800	100.00

Our Group's staff costs have been increasing year-on-year. This was in line with the increase in our employee headcount and annual salary increment. The number of employees was at 160, 212 and 247 as at 31 December 2015 to 2017 respectively.

(vi) Other Expenses

Our Group's other expenses consisted of the following:-

Other expenses	<----- Audited ----->					
	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Depreciation of property, plant and equipment	322	23.68	357	22.15	606	28.33
Equipment written off	4	0.29	186	11.54	-	-
Impairment loss on trade receivables	197	14.49	811	50.31	38	1.78
Loss on foreign exchange						
- realised	711	52.28	258	16.00	458	21.41
- unrealised	126	9.26	-	-	39	1.82
IPO expenses	-	-	-	-	957	44.74
Others	*	-	-	-	41	1.92
Total	1,360	100.00	1,612	100.00	2,139	100.00

Note:-

* Amount below RM1,000.

For the FYE 31 December 2015, our Group's other expenses were RM1.360 million, representing an increase of RM0.623 million or 84.53% as compared to RM0.737 million in the FYE 31 December 2014. The substantial increase was mainly due to increase in the loss on foreign exchange by RM0.353 million.

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2016, our Group's other expenses were RM1.612 million, representing an increase of RM0.252 million or 18.53% as compared to RM1.360 million in the FYE 31 December 2015. The increase was due to impairment loss on trade receivables and equipment written off.

For the FYE 31 December 2017, our Group's other expenses were RM2.139 million, representing an increase of RM0.527 million or 32.69% as compared to RM1.612 million in the FYE 31 December 2016. The increase was mainly due to depreciation and IPO expenses. Our IPO expenses are one-off and incidental to the payment of professional and advisory fees for the Listing.

(vii) Finance Costs

The breakdown of finance costs for the financial years under review is as follows:-

Finance Costs	----- Audited ----->					
	-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	%	RM'000	%	RM'000	%
Bankers' acceptances interest	43	24.71	43	12.05	36	5.83
Bank overdraft interest	3	1.72	7	1.96	*	-
Hire purchase interest	18	10.35	37	10.36	38	6.16
Term loans interest	110	63.22	270	75.63	543	88.01
Total	174	100.00	357	100.00	617	100.00

Note:-

* Less than RM1,000

For the FYE 31 December 2016, our Group's finance cost increased by approximately RM0.183 million mainly due to the following:-

- increase in term loans interest as a result of purchase of new offices, i.e. Vertical Business Suite 03-06, Vertical Business Suite 03-07 and Vertical Business Suite 03-08; and
- increase in hire purchase interest due to acquisition of one (1) new car for our director in end of the FYE 31 December 2015.

For the FYE 31 December 2017, our Group's finance cost increased by approximately RM0.260 million mainly due to the following:-

- increase in term loans interest as a result of purchase of new office in the previous financial year, i.e. Vertical Business Suite 03-08; and
- increase in term loans interest due to additional term loan secured in December 2016 for working capital purposes.

11. FINANCIAL INFORMATION (Cont'd)

(viii) Income Tax Expense

Income Tax Expense	<-----Audited----->		
	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Income tax expenses	1,690	2,377	1,893
<u>Tax rate (%)</u>			
Effective tax rate	21.03	20.06	21.03
Malaysia statutory tax rate	25.00	24.00	24.00

For the past three (3) FYE 31 December 2015 to 2017, our income tax expense was in line with the movement of the PBT achieved by our Group. Our effective tax rate was lower than Malaysia's statutory tax rate i.e. 25.00% in year of assessment 2015 and 24.00% in year of assessment 2016 and 2017, respectively, due to tax exemption for qualifying activities enjoyed by Radiant Globaltech arising from the Pioneer Status granted in December 2014. The Pioneer Status will expire in December 2019 and if such Pioneer Status is not renewed, our Group will revert to the applicable statutory tax rates and may impact our financial performance.

The qualifying activities provided in the Pioneer Certificate are as follows:-

- a) research, development and commercialisation of the following solution:
 - AX Retail B2B Portal Version 3.0 and above
 - AX Retail Consignment Portal Version 2.0 and above
 - AX Mobile System Version 2.0 and above
- b) Provision of implementation, maintenance and technical services related to the abovementioned solution.

Our Group's withholding tax expenses for FYE 31 December 2015 to 2017 were RM0.044 million, RM0.181 million and RM0.147 million respectively, due to our business operations in Cambodia and Vietnam. The responsibility for the payment of withholding tax lies with RG Cambodia and RG Vietnam to deal directly with their local tax authorities, namely, General Department of Taxation Cambodia and Tax Department of Ho Chi Minh City.

11. FINANCIAL INFORMATION (Cont'd)**(d) Significant factors materially affecting our operations and financial results**

In addition to the factors and trends set out in Section 11.2.7 of this Prospectus, some of the following factors that may have an impact to our operations and financial results are as follows:-

(i) Impact of Foreign Exchange

The financial statements of our subsidiaries in Cambodia and Vietnam are denominated in USD and VND respectively. As such, any future significant depreciation in USD and/or VND against RM may have a material negative impact on our Group's consolidated financial statements which is reported in RM, as we are based in Malaysia.

Our export sales are predominantly in USD. As a result, we are exposed to fluctuations in foreign currency exchange rates and any adverse movements in the foreign exchange currency markets may have a negative impact on our business performance, financial position and operating results. Our Group's purchases and sales have been affected by the fluctuation of the foreign currency exchange rates in the past three (3) FYE 31 December 2015 to 2017.

We do not consider export sales to also be predominantly in VND as our Group's revenue in VND was billed by its foreign subsidiary, namely RG Vietnam, to its local Vietnam customers. The revenue billed in VND did not have any foreign currency exposure risk as RG Vietnam's functional currency is VND.

The exposure of our purchases and sales in RM value equivalent for the past three (3) FYE 31 December 2015 to 2017 are as follows:-

Exposure of purchases in RM value equivalent

Transaction currency	<-----FYE 31 December----->					
	2015		2016		2017	
	RM'000	% of Net Purchases*	RM'000	% of Net Purchases*	RM'000	% of Net Purchases*
USD	17,755	41.41	19,172	43.58	22,529	46.76
Euro	280	0.65	426	0.97	526	1.09
Indonesian Rupiah	183	0.43	175	0.40	-	-
Singapore Dollar	4	0.01	31	0.07	27	0.06
Japanese Yen	170	0.40	391	0.89	69	0.14
Filipino Peso	109	0.25	215	0.49	88	0.18
VND	2,300	5.36	1,851	4.21	5,008	10.40
Australian Dollar	-	-	-	-	77	0.16
Hong Kong Dollar	-	-	-	-	19	0.04

11. FINANCIAL INFORMATION (Cont'd)**Note: -**

* Net purchases for the FYE 31 December 2015 to the FYE 31 December 2017 were RM42.878 million, RM43.994 and RM48.175 million respectively.

Exposure of revenue in RM value equivalent

Transaction currency	←-----FYE 31 December-----→					
	2015		2016		2017	
	RM'000	% of Total Revenue*	RM'000	% of Total Revenue*	RM'000	% of Total Revenue*
USD	4,649	7.00	9,014	11.73	6,067	7.51
Brunei Dollar	27	0.04	22	0.03	44	0.05
Singapore Dollar	214	0.32	495	0.64	1,120	1.39
Australian Dollar	-	-	7	0.01	7	0.01
VND	2,740	4.13	3,391	4.41	7,961	9.85
Japanese Yen	-	-	-	-	92	0.11

Note:-

* Total revenue for the FYE 31 December 2015 to 2017 were RM66.402 million, RM76.847 million and RM80.783 million respectively.

Currently, we maintain foreign currencies accounts (i.e. USD) for payments of our foreign purchases and / or receipts of export sales. Our management does not actively hedge our Group's foreign currency exposure and as at the LPD, we do not utilise any financial instruments for hedging purposes. We constantly monitor and review our Group's need to hedge. Should this exposure become substantial, we will consider hedging our position.

Our net gain or loss on foreign currency exchange rates for the past three (3) FYE 31 December 2015 to 2017 are as follows:-

Net (loss)/gain	←-----FYE 31 December-----→		
	2015 RM'000	2016 RM'000	2017 RM'000
- Realised	(711)	(258)	(458)
- Unrealised	(126)	720	(39)

For the FYE 31 December 2015 to 2017, the net gain or loss on foreign exchange transactions are mainly due to the fluctuation in foreign currencies relative to RM in respect of our purchases denominated in USD.

(ii) Impact of Interest Rates

As at 31 December 2017, our Group's total borrowings which stood at RM10.199 million comprise of hire purchase payables and term loans at the average effective interest rate of 4.75% and 5.48% per annum respectively.

11. FINANCIAL INFORMATION (Cont'd)

Our Group's objective in managing our interest rate expenses is to ensure an acceptable level of exposure to interest rate fluctuations.

As at the LPD, our borrowings have fixed and determinable payments. Save for the hire purchase payables which are charged on a fixed rate, the interest rates for our term loans and bankers' acceptances are based on the prevailing bank's base lending rate or cost of financing, plus or minus a margin agreed upon by our bankers when the respective loans and financings were granted.

There is no material impact from the fluctuations of interest rate on our Group's financial results for the past three (3) FYE 31 December 2015 to 2017.

(iii) Impact of Inflation

There was no material impact of inflation on our Group's financial results for the past three (3) FYE 31 December 2015 to 2017.

(iv) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) FYE 31 December 2015 to 2017.

(v) Impact of Government/Economic/Fiscal/Monetary Policies

Our Group's retail technology solutions are products and services used by businesses in the retail sector to automate their operations, in order to increase efficiency and reduce costs. The wholesale and retail sub-sector is a major contributor to Malaysia's gross national income ("GNI") and has been identified as one of the 12 key economic focus areas under the Economic Transformation Programme ("ETP"). The Government of Malaysia intends to drive retail spending in achieving the targets under the ETP. In achieving the GNI targets for the retail sector, the Government intends to liberalise the retail sector through streamlining set-up and expansion requirements, upgrading transport infrastructure and growing human capital (*Source: Industry Overview*).

The above Government initiatives under the ETP has augured well for our Group and our revenue grew year-on-year from RM66.40 million in FYE 31 December 2015 to RM80.78 million in FYE 31 December 2017. Moving forward, our management takes cognisance of the impending introduction of the new Sales and Service Tax ("SST"). As the new SST Bill has yet to be proposed and the actual implementation of new SST has not been announced, our management has referred to the previous Sales Tax Act 1972 and Service Tax Act 1975 as a prudent benchmark. Based on the previous Sales Tax Act 1972 and Service Tax Act 1975, our management expects no material impact to our Group from the introduction of the new SST, other than the payment of SST on purchase of retail hardware and equipment from our overseas product principals. The actual impact can only be determined later upon official implementation of the new SST Act.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus. Save as disclosed in Sections 4 and 6 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 31 December 2015 to 2017.

(vi) Significant Changes

There is no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 31 December 2017 up to the LPD.

11. FINANCIAL INFORMATION (Cont'd)**11.2.2 Liquidity and capital resources**

Our operations are funded by a combination of internal and external sources of funds. Our Group's internal sources of funds comprise of share capital, cash generated from our operating activities and cash and bank balances, while our external funds are mainly from bank borrowings.

The interest rate of the bank borrowings is based on prevailing market rates. Currently, the principal use of the bank borrowings is for our Group's business growth and operations, for the acquisition of PPE and working capital purposes.

The decision to utilise either internally generated funds or bank borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate of bank borrowings.

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligations of our Company.

The table below sets out the summary of our Group's historical audited combined and consolidated statements of cash flows for the past three (3) FYE 31 December 2015 to 2017:-

	<-----Audited----->		
	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Net cash from operating activities	8,746	1,810	6,048
Net cash (for)/from investing activities	(3,792)	(3,898)	608
Net cash from/(for) financing activities	4,360	1,173	(9,716)
Net increase/(decrease) in cash and cash equivalents	9,314	(915)	(3,060)
Effect of foreign exchange translation	(100)	166	(340)
Cash and cash equivalents at beginning of the financial year	5,796	15,010	14,261
Cash and cash equivalents at end of the financial year	15,010	14,261	10,861

Net cash from operating activities***FYE 31 December 2015***

For the FYE 31 December 2015, our Group generated operating cash flows before working capital changes of approximately RM8.787 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM8.746 million:-

- Increase in trade and other receivables of approximately RM1.766 million mainly due to increase in sales generated near to year-end by RG Malaysia;
- Increase in inventories of approximately RM2.039 million mainly due to increase in stock level to accommodate for anticipated higher sales;

11. FINANCIAL INFORMATION (Cont'd)

- Increase in trade and other payables of approximately RM5.932 million mainly due to increase in trade payables for purchases made to fulfil project order amounting to approximately RM3.959 million, provision of incentives to staff amounting to approximately RM1.500 million and increase in deferred revenue; and
- Net income tax paid amounting to RM1.792 million.

FYE 31 December 2016

For the FYE 31 December 2016, our Group generated operating cash flows before working capital changes of approximately RM14.218 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM1.810 million:-

- Increase in trade and other receivables of approximately RM2.076 million mainly due to slower collection of outstanding receivables by RG Malaysia at year-end;
- Decrease in inventories of approximately RM0.518 million mainly due to writing off of slow moving and obsolete inventories;
- Decrease in trade and other payables of approximately RM5.693 million. This was mainly due to prompt repayment to our principals in line with adoption of prompt payment practice.
- Repayment by related parties of approximately RM1.485 million and repayment to related parties of approximately RM3.817 million. This was mainly due to decrease in sales to and/or purchase from related parties mostly from Radiant Global ADC (Thailand) Co, Ltd, Spectrum Highlights Sdn Bhd and SPEM, as well as payment made to related parties mostly to Radiant Global HD Inc, SPEM, Ever Praise Resources Ltd and Global Vision Co. Ltd.. The related parties along with the details of sales and purchases are as disclosed in Sections 10.1(b) and 10.2 of this Prospectus; and
- Net income tax paid amounting to RM2.467 million.

FYE 31 December 2017

For the FYE 31 December 2017, our Group generated operating cash flows before working capital changes of approximately RM10.702 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM6.048 million:-

- Decrease in trade and other receivables of approximately RM0.433 million mainly due to collection received from long outstanding receivables;
- Increase in inventories of approximately RM1.800 million mainly due to increase in inventories for POS equipment/peripherals in a refreshment exercise of a Japanese based hypermarkets at the end of the financial year;
- Increase in trade and other payables of approximately RM1.252 million. This was mainly due to the year-end purchases of POS equipment/peripherals mentioned earlier;
- Repayment by related parties of approximately RM2.259 million and repayment to related parties of approximately RM2.767 million. This was mainly due to decrease in sales to and/or purchase from related parties mostly Radiant Global ADC (Thailand) Co, Ltd and SPEM respectively, as well as payment made to related parties mostly to Radiant Global HD Inc, SPEM and Global Vision Co. Ltd. The related parties along with the details of sales and purchases are as disclosed in Sections 10.1(b) and 10.2 of this Prospectus; and
- Net income tax paid amounting to RM3.414 million.

11. FINANCIAL INFORMATION (Cont'd)**Net cash (for)/from investing activities*****FYE 31 December 2015***

For the FYE 31 December 2015, our Group recorded net cash for investing activities of approximately RM3.792 million which was primarily attributed to the purchase of two (2) office buildings which are Vertical Business Suite 03-06 and Vertical Business Suite 03-07 amounting to RM3.458 million. Besides, there was an increase in pledged fixed deposits with licensed banks amounting to RM0.100 million.

FYE 31 December 2016

For the FYE 31 December 2016, our Group recorded net cash for investing activities of approximately RM3.898 million which was mainly primarily attributed to the purchase of one (1) office building which is Vertical Business Suite 03-08 amounting to RM2.894 million. Besides, there was an increase in pledged fixed deposits with licensed banks amounting to RM0.577 million.

FYE 31 December 2017

For the FYE 31 December 2017, our Group recorded net cash from investing activities of approximately RM0.608 million which was mainly attributed to the decrease in fixed deposits pledged with licensed banks of RM0.434 million and the repayment from related parties Radiant Global (Thailand) Co Ltd, Spectrum Highlights Sdn Bhd, Radiant Global Holdings Sdn Bhd and Ideasoft Solutions Sdn Bhd of RM0.855 million mainly for administrative fees charged and accumulated advances from the previous years which were settled in the FYE 31 December 2017. This was mainly offset by the investment in an associate company of RM0.500 million and net cash purchases of capital expenditure which amounted to RM0.281 million, including purchase of a motor vehicle in RG Vietnam.

Net cash from/(for) financing activities***FYE 31 December 2015***

For the FYE 31 December 2015, our Group recorded net cash from financing activities of approximately RM4.360 million which was mainly due to:-

- Repayment of bankers' acceptance amounting to RM0.496 million for the purchase from principals;
- Net drawdown of term loan amounting to RM2.693 million for the purchase of Vertical Business Suite 03-06 and Vertical Business Suite 03-07; and
- Advances from directors amounting to RM2.073 million for working capital purposes.

FYE 31 December 2016

For the FYE 31 December 2016, our Group recorded net cash from financing activities of approximately RM1.173 million which was mainly due to:-

- Proceeds from issuance of shares amounting to RM0.350 million for working capital purposes;
- Net drawdown of term loans amounting to RM5.121 million for the purchase of Vertical Business Suite 03-08 and working capital purposes;
- Advances from Directors amounting to RM0.666 million for working capital purpose; and
- Payment of dividend in respect of the dividends declared for the FYE 31 December 2016 amounting to RM5.000 million.

11. FINANCIAL INFORMATION (Cont'd)**FYE 31 December 2017**

For the FYE 31 December 2017, our Group recorded net cash for financing activities of approximately RM9.716 million which was mainly due to:-

- Payment of listing expenses, which is incidental to our IPO exercise, of RM1.266 million;
- Repayment to directors in full amounting to RM3.930 million;
- Payment of dividend in respect of the dividends declared for the FYE 31 December 2017 amounting to RM3.000 million;
- Repayment of RM0.778 million mainly for term loans taken for purchase of Vertical Business Suite 03-06, Vertical Business Suite 03-07 and Vertical Business Suite 03-08; and
- Repayment of bankers' acceptances of RM0.397 million.

Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalent and the gross proceeds from the Public Issue, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

11.2.3 Borrowings and financial instruments

As at 31 December 2017, our total outstanding borrowings amounted to RM10.199 million, comprising hire purchase payables and term loans, all of which are interest-bearing and secured, can be analysed further as follows:-

	Payable within 12 months	Payable after 12 months	Total
Bank Borrowings	RM'000	RM'000	RM'000
Hire purchase payables	161	667	828
Term loans	1,113	8,258	9,371
Total	1,274	8,925	10,199
Gearing ratio as at 31 December 2017 (times)*			0.17

Note:-

- * Computed based on total borrowings over our pro forma shareholders' equity (after the Public Issue and Offer for Sale but before utilisation of listing proceeds) as at 31 December 2017 of RM59.380 million.

Our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any financing facilities in order to meet repayment obligations. As at 31 December 2017, a total of RM1.274 million of our borrowings are payable within 12 months whilst the remaining RM8.925 million are payable after 12 months.

As at the LPD, we do not have any foreign currency borrowings. Our Group has not defaulted on payments of either interest and/or principal sum in respect of any bank borrowings throughout the past three (3) FYE 31 December 2015 to 2017 and up to the LPD. We do not encounter seasonality in our borrowings trend and there are no restriction on our committed borrowing facilities, i.e. term loans and hire purchase.

As at the LPD, we have banking facilities available to our Group amounting to RM27.526 million, out of which RM9.919 million has been utilised.

11. FINANCIAL INFORMATION (Cont'd)

The types of financial instruments utilised by our Group and the outstanding amount as at the LPD are set out below:-

Types	Tenure	Average effective interest rate (%)	Balance as at the LPD (RM'000)
Hire purchase payables	5 to 9 years	4.75	762
<u>Current</u>			
- not later than one (1) year			165
<u>Non- current</u>			
- later than one (1) year and not later than five (5) years			597
- later than five (5) years			-
Term loans	5 to 10 years	5.43	8,898
<u>Current</u>			
- repayable within one (1) year			1,149
<u>Non- current</u>			
- repayable between one (1) and two (2) years			1,236
- repayable between two (2) and five (5) years			3,734
- repayable after five (5) years			2,779
Bankers' Acceptance		5.21	259
Total			9,919

11.2.4 Breach of terms and conditions or covenants associated with credit arrangements or bank loans

As at the LPD, neither us nor our subsidiaries are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results, financial position or business operations, or the investments by holders of securities in our Company.

11.2.5 Material Commitment

As at the LPD, our Group has not incurred any material commitment for capital expenditure that may have a material and adverse impact on our financial position.

11.2.6 Contingent Liabilities

As at the LPD, there is no indirect and/or material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

11. FINANCIAL INFORMATION (Cont'd)

11.2.7 Trend Information

(a) Business and financial prospects

Our Board observed that based on the revenue and operations of our Group for the past financial years under review, the following trends may continue to affect our business:-

(i) Going forward, we believe that we are in the position to sustain and grow our revenue in view of, inter-alia, the following:-

- Favourable prospects for retail technology industry as set out in Section 6 of this Prospectus. According to the Industry Overview, SMITH ZANDER forecasts the retail technology solutions industry size to grow from an estimated RM404.19 million in 2017 to reach RM456.35 million in 2019, at a CAGR of 6.26%. The growth of the industry is expected to be driven by the growth of the retail industry, the need to automate as well as continuous technological advancements.

Growth of the retail industry signifies growth potential for the retail technology solutions industry. The retail industry in Malaysia, measured by the value of retail sales, grew from RM371.50 billion in 2015 to RM450.31 billion in 2017 at a CAGR of 10.10%. The growth in the number of retail outlets in Malaysia has been increasing, with convenience stores and hypermarkets among the segments demonstrating the highest growth. Convenience stores and hypermarkets grew at CAGRs of 13.97% and 2.81% respectively between 2012 and 2014.

Further, due to the competitive nature of the retail sector, there is a growing need for greater operating efficiency leading to more automation in the industry. The continuous technological advancement of retail technology solutions leads to the development and introduction of new products and services to comply with current technology and requirements. Hence, this will contribute to the growth of the retail technology solutions industry, which will eventually benefit our Group.

Therefore, the industry outlook is positive, with the growth from the retail industry; and

- Our continuous sales and marketing efforts to secure sales in line with our Group's business strategies to expand our business to existing and new geographical markets.

Please refer to Section 5.10 of this Prospectus for further details on our Group's business strategies.

(ii) We have been operating in the retail technology industry for more than 23 years since 1994. We have since established ourselves in the retail industry with direct presence in Malaysia, Vietnam and Cambodia, and outsourced overseas customer support service offices in Jakarta, Indonesia; Quezon City, Philippines; and Singapore. In 2017, the retail technology solutions industry size in Malaysia was estimated at RM404.19 million. Based on our revenue of RM80.78 million in the FYE 31 December 2017, we captured an industry revenue share of 19.99% for 2017 in Malaysia (*Source: Industry Overview*).

11. FINANCIAL INFORMATION (Cont'd)

From our track record, our Board believes that we would be able to maintain our competitiveness through our established presence across the markets and our ability to offer a full range of retail technology solutions as well as efficient and reliable after-sales service to our customers. We believe we are well-positioned to capitalise on the growth in the retail technology solutions industry.

- (iii) Our main components of expenses include staff costs, administrative expenses, selling and distribution expenses and finance costs. Such expenses are generally expected to move in line with the growth of our business as we increase our expenditure on recruitment of staff, increasing sales and marketing activities and penetrating new markets.

Moving forward, our management takes cognisance of the impending introduction of the new SST. Nonetheless, as the new SST Bill has yet to be proposed and the actual implementation of new SST has not been announced, the actual impact can only be determined later upon official implementation of the new SST Act.

- (iv) We expect to continue to enjoy the tax incentives pursuant to our MSC-Malaysia status granted by MDeC in 2014.

(b) Order book

Due to the nature of our business, we do not maintain an order book. We generate our revenues as and when we deliver our products based on purchase orders received, which could result in an uncertain trend in our revenue.

As at the LPD, the financial performance, position and operations of our Group are not affected by any one of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this section, Section 4 and Section 5 of this Prospectus;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and Section 4 of this Prospectus; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and Section 4 of this Prospectus.

Information on our Group's business and financial prospects, risk factors, significant trends in sales and costs are set out in this Sections 11, 4 and 5 of this Prospectus. Given the outlook of the industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 of this Prospectus and our Group's dedication to implement the business strategies as set out in Section 5.10 of this Prospectus, our Board is optimistic about the future prospects of our Group.

11. FINANCIAL INFORMATION (Cont'd)**11.2.8 Other key financial ratios**

The key financial ratios of our Group are as follows:-

	<-----Audited----->		
	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Trade receivables			
Revenue	66,402	76,847	80,783
Trade receivables	20,532	22,725	22,903
Trade receivables turnover period (days) ^(a)	113	108	103
Trade payables			
Cost of sales	42,704	45,660	47,254
Trade payables	15,724	7,403	12,084
Trade payables turnover period (days) ^(b)	134	59	93
Inventory			
Cost of sales	42,704	45,660	47,254
Inventory	9,835	7,782	9,698
Inventory turnover period (days) ^(c)	84	62	75
Current ratio (times)^(d)	1.43	1.78	2.10
Gearing ratio (times)^(e)	0.33	0.48	0.37

Notes:-

- (a) Trade receivables turnover period for the FYE 31 December 2015 and FYE 31 December 2017 is computed based on the trade receivables of the respective financial years over the revenue for the respective financial years, multiplied by 365 days.

Trade receivables turnover period for the FYE 31 December 2016 is computed based on the trade receivables over the revenue for the financial year under review, multiplied by 366 days.

- (b) Trade payables turnover period for the FYE 31 December 2015 and FYE 31 December 2017 is computed based on the trade payables of the respective financial years over the cost of sales for the respective financial years, multiplied by 365 days.

Trade payables turnover period for the FYE 31 December 2016 is computed based on the trade payables over the cost of sales for the financial year under review, multiplied by 366 days.

- (c) Inventory turnover period for the FYE 31 December 2015 and FYE 31 December 2017 is computed based on the inventory of the respective financial years over the cost of sales for the respective financial years, multiplied by 365 days.

11. FINANCIAL INFORMATION (Cont'd)

Inventory turnover period for the FYE 31 December 2016 is computed based on the inventories over the cost of sales for the financial year under review, multiplied by 366 days.

- (d) Current ratio is computed based on the combined/consolidated current assets of the respective financial years over the combined/consolidated current liabilities of the respective financial years.*
- (e) Gearing ratio is computed based on the total interest-bearing bank borrowings of the respective financial years over the combined/consolidated shareholders' equity of the respective financial years.*

11. FINANCIAL INFORMATION (Cont'd)**(a) Trade receivables**

As at 31 December 2017, the net trade receivables of our Group amounted to RM22.903 million, the ageing of which are analysed as follows:-

	<--Within credit period-->	<-----Exceed credit period by----->					Total
		1 - 60 days	61 – 120 days	121 – 180 days	181 – 360 days	> 360 days	
Trade receivables (RM'000)	12,524	7,106	1,515	332	471	1,217	23,165
Add: Unbilled receivables (RM'000)	420	-	-	-	-	-	420
Total trade receivables (RM'000)	12,944	7,106	1,515	332	471	1,217	23,585
Less: Impairment losses (RM'000)	-	-	-	-	-	(682)	(682)
Net trade receivables (RM'000)	12,944	7,106	1,515	332	471	535	22,903
% of net trade receivables to total net trade receivables	56.52	31.03	6.61	1.45	2.06	2.33	100.00
Subsequent collection as at the LPD (RM'000)	(12,281)	(6,528)	(665)	(141)	(377)	(526)	(20,518)
Trade receivables net of subsequent collections (RM'000)	663	578	850	191	94	9	2,385
% of trade receivables net of subsequent collection to total trade receivables net of subsequent collections	27.80	24.23	35.64	8.01	3.94	0.38	100.00
% of trade receivables net of subsequent collection to net trade receivables	5.12	8.13	56.11	57.53	19.96	1.68	10.41

Trade receivables are non-interest bearing and the normal credit term granted to regular customers who have obtained credit term approval from us may range from 30 to 60 days. For new customers, non-regular customers and regular customers who have yet to obtain credit term approval from us, the normal credit term granted to them are generally 7 days.

11. FINANCIAL INFORMATION (Cont'd)

Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with customers, customers' payment history and credit worthiness while new customers are subject to our credit verification process. For our foreign customers, we usually ensure that we obtain letter of credit and/or full payment prior to delivery of our products.

Our Group's trade receivables turnover period for the FYE 31 December 2015 to FYE 31 December 2017 are 113 days, 108 days and 103 days, respectively, which is higher than the normal credit terms granted. Many of our customers are in the retail industry, whereby they usually take longer time for invoice verification before payment processing.

It is our Group's current policy to perform annual review and make provision for trade receivables which our management considered to be doubtful in respect of trade receivables which have been outstanding for more than twelve (12) months and expected to be irrecoverable.

For the FYEs 31 December 2015 and 2016, we have not written off any bad debts, which are receivables that have been clearly identified as uncollectible. In the FYE 31 December 2017, we have written off bad debts amounting to RM0.077 million.

We had a writeback of impairment losses on trade receivables amounting to RM0.507 million and an amount provided for the impairment loss on trade receivables of RM0.038 million in the FYE 31 December 2017. Impairment loss on trade receivables is the amount by which the carrying amount of trade receivables exceeds its recoverable amount and is provided when there is indication that trade receivables might not be collectible. As at the LPD, there was no additional impairment loss on trade receivables made by our Group.

As at the LPD, we have collected RM20.518 million or 89.59% of the trade receivables outstanding as at 31 December 2017. For those amounts which have exceeded the normal credit period, we have collected RM8.237 million or 82.71% of the said amount as at the LPD. We are currently in the midst of negotiating with the relevant customers to recover the remaining balances.

Our Directors believe that the balance of RM1.722 million representing 17.29% of the amount exceeding the credit periods of RM9.959 million are recoverable after taking into consideration our relationship with most of these customers and the various credit control measures implemented by us to minimise the incidence of customer default.

11. FINANCIAL INFORMATION (Cont'd)**(b) Trade payables**

As at 31 December 2017, the trade payables of our Group amounted to RM12.084 million, the ageing of which are analysed as follows:-

	Within credit period	<-----Exceed credit period by----->					Total	Subsequent payment as at the LPD
		1 – 60 days	61 – 120 days	121 – 180 days	181 – 360 days	> 360 days		
Trade payables (RM'000)	11,236	697	103	5	-	43	12,084	11,964
% of total trade payables	92.98	5.77	0.85	0.04	-	0.36	100.00	99.01

The normal credit period granted to our Group by our suppliers ranges from 7 to 60 days. For the FYE 31 December 2015 to FYE 31 December 2017, our trade payables turnover period were 134 days, 59 days and 93 days respectively. Our Group adopts a prompt payment practice in the FYE 31 December 2016 in order to secure timely and consistent supply of goods as well as maintaining good relationships with our suppliers. As at the LPD, RM11.964 million or 99.01% of the trade payable balance exceeding credit period have been paid.

For the FYE 31 December 2015, our Group registered a high trade payable turnover period due to increase in trade payables for purchases made at year end to fulfil our customers' orders. For the FYE 31 December 2016, our Group saw an improvement of trade payables turnover period due to lesser purchases towards the year-end and the adoption of prompt payment practice. Although our Group does not receive any incentives such as prompt payment discounts, we believe that our prompt payment practice will maintain a strong and longstanding business relationship with our product principals.

Our trade payables turnover period increased to 93 days in the FYE 31 December 2017 due to large purchases made nearer to the end of the financial year under review for refreshment exercise of a Japanese based hypermarkets.

(c) Inventories

Our inventories mainly comprise of barcode scanners, barcode printers, POS/receipt printers, handheld terminals and hardware consumables. Our Group has adopted an inventory impairment policy since year 2016 where slow moving inventories with no movement for 2 years or more will be impaired accordingly.

Our Group's inventory turnover period for the past three (3) FYE 31 December 2015 to FYE 31 December 2017 are 84 days, 62 days and 75 days, respectively. For the FYE 31 December 2015, our Group did not provide for any impairment of inventories. The decrease in inventories in the FYE 31 December 2016 was mainly due to completion of orders and also the writing off of slow moving and obsolete inventories in accordance to the adoption of inventory impairment policy amounting to RM1.535 million, which mostly comprised replacement parts, scanners and weighing scales.

For the FYE 31 December 2017, the increase in inventory turnover period to 75 days was mainly contributed by increase in inventories for POS equipment/peripherals in a refreshment exercise of a Japanese based hypermarkets.

11. FINANCIAL INFORMATION (Cont'd)

(d) Current ratio

Our current ratio for the past three (3) FYE 31 December 2015 to 31 December 2017 was 1.43 times, 1.78 times and 2.10 times, respectively.

The increase in current ratio across the three (3) financial years are in line with our increase in current assets in the respective years. Further commentaries on our current assets are as explained in Section 11.1(ii) of this Prospectus.

(e) Gearing ratio

Our gearing ratio increased to 0.48 times in the FYE 31 December 2016 from 0.33 times in the FYE 31 December 2015. The increase was mainly due to facilities granted to finance our purchase of Vertical Business Suite 03-08.

Our gearing ratio decreased to 0.37 times in the FYE 31 December 2017 from 0.48 times in the FYE 31 December 2016. The decrease was mainly due to repayment of term loans on instalment basis by our Group in FYE 31 December 2017 and there was no outstanding bankers' acceptance as at 31 December 2017.

11. FINANCIAL INFORMATION (Cont'd)

11.3 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared for inclusion in this Prospectus)



Date: **06 JUN 2018**

The Board of Directors

Radiant Globaltech Berhad

Unit 03-06 & 03-07, Level 3, Tower B,
Vertical Business Suite, Avenue 3,
Bangsar South, No.8, Jalan Kerinchi,
59200, Kuala Lumpur.

Crowe Malaysia AF1018

(FKA Crowe Horwath)

Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Main +6 03 2788 9999

Fax +6 03 2788 9998

www.crowe.my

Dear Sirs/Madam

**RADIANT GLOBALTECH BERHAD ("RADIANT GLOBALTECH" OR THE "COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 DECEMBER 2017**

**Initial public offering and the listing of and quotation for 525,200,000 ordinary shares in
Radiant Globaltech ("Radiant Globaltech Shares") on the ACE Market of Bursa Malaysia
Securities Berhad ("Bursa Securities")**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Radiant Globaltech and its subsidiaries (collectively known as "the Group" or "Radiant Globaltech Group") as at 31 December 2017 and the related notes (as set out in the Pro Forma Consolidated Statements of Financial Position which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus of Radiant Globaltech in connection with the listing of and quotation for the entire issued share capital of Radiant Globaltech on the ACE Market of Bursa Securities ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 2 of the Pro Forma Consolidated Statements of Financial Position, and are specified in the Prospectus Guidelines issued on 30 November 2017 by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the effects of the events or transactions set out in Note 3 of the Pro Forma Consolidated Statements of Financial Position had it been implemented and completed on 31 December 2017 on the Group's financial position as at that date.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the audited financial statements of the Group for the financial year ended 31 December 2017.

11. FINANCIAL INFORMATION (Cont'd)

**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

11. FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial position used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirement of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

11. FINANCIAL INFORMATION (Cont'd)

**OPINION**

In our opinion, Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as set out in Note 2 of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTERS

Our report on the Pro Forma Consolidated Statements of Financial Position has been prepared for inclusion in the Prospectus of Radiant Globaltech in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be "C. M.", written over a horizontal line.

Crowe Malaysia
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "Elvina Tay Choon Choon", written over a horizontal line.

Elvina Tay Choon Choon
Approval No : 03329/10/2019 J
Chartered Accountant

Kuala Lumpur

11. FINANCIAL INFORMATION (Cont'd)

Initialed For Identification Purposes Only


 Crowe Malaysia AF1018
 (FKA Crowe Horwath)
RADIANT GLOBALTECH GROUP**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. ABBREVIATION**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CMSA	:	Capital Markets and Services Act, 2007
Director(s)	:	Director(s) of the Company and shall have the meaning given in Section 2 of the CMSA
FYE	:	Financial year(s) ended/ending
Global Merits	:	Global Merits Sdn Bhd (1210287-X)
IPO	:	Initial public offering comprising the Public Issue and the Offer for Sale, collectively
IPO Price	:	The price of RM0.23 per IPO Share
IPO Share(s)	:	The Issue Share(s) and Offer Share(s), collectively
Issue Share(s)	:	128,080,000 new Radiant Globaltech Shares, representing approximately 24.39% of the enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of RM49,314,400 comprising 525,200,000 Radiant Globaltech Shares on the ACE Market of Bursa Securities
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
NA	:	Net assets
Offer for Sale	:	Offer for sale by the Offerors of 12,000,000 Offer Shares at the IPO Price by way of placement to selected investors

11. FINANCIAL INFORMATION (Cont'd)

Initialed For Identification Purposes Only



Crowe Malaysia AF1018
(FKA Crowe Horwath)

RADIANT GLOBALTECH GROUP**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

Offer Share(s)	:	12,000,000 existing Radiant Globaltech Shares, representing approximately 2.28% of the enlarged issued share capital, which are to be offered for sale pursuant to the Offer for Sale and subject to the terms and conditions of the Prospectus
Offerors	:	Global Merits and Practical Resources, collectively
Official List	:	Official list of the ACE Market of Bursa Securities
Practical Resources	:	Practical Resources Sdn. Bhd. (1210525-A)
Prospectus	:	The Prospectus dated 28 June 2018 in relation to the IPO
Public Issue	:	Public issue of 128,080,000 new Radiant Globaltech Shares at the IPO Price comprising:- <ul style="list-style-type: none"> (a) 11,000,000 new Radiant Globaltech Shares made available for application by the Malaysian Public; (b) 21,100,000 new Radiant Globaltech Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and (c) 95,980,000 new Radiant Globaltech Shares made available by way of placement to selected investors
Radiant Globaltech or Company	:	Radiant Globaltech Berhad (621297-A)
Radiant Globaltech Group or Group	:	Radiant Globaltech, RG Malaysia, RG Solutions, RG Cambodia and RG Vietnam, collectively
Radiant Globaltech Share(s) or Share(s)	:	Ordinary shares in Radiant Globaltech
RG Cambodia	:	Radiant Global ADC Cambo Pte., Ltd. (00004647)
RG Malaysia	:	Radiant Global ADC Sdn. Bhd. (305424-W)

11. FINANCIAL INFORMATION (Cont'd)

Initialed For Identification Purposes Only

Crowe Malaysia AF1018
(FKA Crowe Horwath)**RADIANT GLOBALTECH GROUP****PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

RG Malaysia Group	:	RG Malaysia and RG Vietnam, collectively
RG Solutions	:	Radiant Global Solutions Sdn. Bhd. (1029093-W) (formerly known as <i>Axiome Technologies (M) Sdn. Bhd.</i>)
RG Vietnam	:	Radiant Global ADC Vietnam Co., Ltd. (Enterprise Code No./Tax Code No. 0304765787)
RM and sen	:	Ringgit Malaysia and sen respectively

11. FINANCIAL INFORMATION (Cont'd)

Initialed For Identification Purposes Only



Crowe Malaysia AF1018
(FKA Crowe Horwath)

RADIANT GLOBALTECH GROUP**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****2. PRO FORMA GROUP AND BASIS OF PREPARATION****2.1 Basis of Preparation**

The Pro Forma Consolidated Statements of Financial Position of Radiant Globaltech Group have been prepared based on the audited financial statements of Radiant Globaltech Group for the FYE 31 December 2017 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the audited financial statements and accounting policies of the Group. The Pro Forma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effects of the transactions as disclosed in Section 2.2.

2.2 The Listing Scheme**2.2.1 Listing Exercise**

The Group seeks a listing on the ACE Market of Bursa Securities. The details of the listing scheme are as follows:-

(i) Public Issue

The Public Issue of 128,080,000 new Radiant Globaltech Shares at the IPO Price, payable in full on application, upon such terms and conditions as set out in the Prospectus, and will be allocated and allotted in the following manner:-

- (a) 11,000,000 new Radiant Globaltech Shares made available for application by the Malaysian Public;
- (b) 21,100,000 new Radiant Globaltech Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and
- (c) 95,980,000 new Radiant Globaltech Shares made available by way of placement to selected investors.

(ii) Offer for Sale

The Offer for Sale of 12,000,000 Offer Shares at the IPO Price, payable in full application, upon such terms and conditions as set out in the Prospectus, are offered by the Offerors by way of placement to selected investors.

(iii) Listing on Bursa Securities

The admission of Radiant Globaltech to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM49,314,400 comprising 525,200,000 Radiant Globaltech Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the Public Issue and Offer for Sale.

11. FINANCIAL INFORMATION (Cont'd)

RADIANT GLOBALTECH GROUP

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RADIANT GLOBALTECH GROUP AS AT 31 DECEMBER 2017

Initiated For Identification Purposes Only

Crowe Malaysia AF1018
(FKA Crowe Horwath)

	Audited as at 31 December 2017 RM'000	Public Issue and Offer for Sale RM'000	Pro Forma I		Use of Proceeds RM'000	Pro Forma II	
			Public Issue and Offer for Sale RM'000	After Pro Forma I and Use of Proceeds RM'000		Public Issue and Offer for Sale RM'000	After Pro Forma I and Use of Proceeds RM'000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	11,107		11,107		10,500	21,607	
Investment in an associate	342		342			342	
Deferred tax asset	490		490			490	
TOTAL NON-CURRENT ASSETS	11,939		11,939			22,439	
CURRENT ASSETS							
Inventories	9,698		9,698			9,698	
Trade receivables	22,903		22,903			22,903	
Other receivables, deposits and prepayments	2,102		2,102		(309)	1,793	
Amount owing by related parties	53		53			53	
Current tax assets	904		904			904	
Fixed deposits with licensed banks	1,524		1,524			1,524	
Cash and bank balances	10,285	29,458	39,743		(19,336)	20,407	
TOTAL CURRENT ASSETS	47,469		76,927			57,282	
TOTAL ASSETS	59,408		88,866			79,721	

11. FINANCIAL INFORMATION (Cont'd)

RADIANT GLOBALTECH GROUP

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RADIANT GLOBALTECH GROUP AS AT 31 DECEMBER 2017

Initiated For Identification Purposes Only

Crowe Malaysia AF1018
(FKA Crowe Horwath)

	Audited as at 31 December 2017 RM'000	Public Issue and Offer for Sale RM'000	Pro Forma I		Pro Forma II	
			Public Issue and Offer for Sale RM'000	Use of Proceeds RM'000	After Pro Forma I and Use of Proceeds RM'000	
EQUITY AND LIABILITIES						
EQUITY						
Share capital	19,856	29,458	49,314	(1,276)	48,038	
Foreign exchange reserve	(241)		(241)		(241)	
Merger deficit	(13,681)		(13,681)		(13,681)	
Retained profits	21,426		21,426	(1,267)	20,159	
TOTAL EQUITY	27,360		56,818		54,275	
NON-CURRENT LIABILITIES						
Hire purchase payables	667		667		667	
Term loans	8,258		8,258	(6,042)	2,216	
Deferred revenue	542		542		542	
TOTAL NON-CURRENT LIABILITIES	9,467		9,467		3,425	

11. FINANCIAL INFORMATION (Cont'd)

Initiated For Identification Purposes Only

Crowe Malaysia AF1018
(FKA Crowe Horwath)

RADIANT GLOBALTECH GROUP

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RADIANT GLOBALTECH GROUP AS AT 31 DECEMBER 2017

	Audited as at 31 December 2017 RM'000	Public Issue and Offer for Sale RM'000	Pro Forma I		Use of Proceeds RM'000	Pro Forma II	
			Public Issue and Offer for Sale RM'000	Public Issue and Offer for Sale RM'000		After Pro Forma I and Use of Proceeds RM'000	After Pro Forma I and Use of Proceeds RM'000
CURRENT LIABILITIES							
Trade payables	12,084		12,084		12,084		12,084
Other payables and accruals	9,006		9,006		9,006		9,006
Amount owing to related parties	49		49		49		49
Hire purchase payables	161		161		161		161
Term loans	1,113		1,113		1,113	(560)	553
Current tax liabilities	168		168		168		168
TOTAL CURRENT LIABILITIES	22,581		22,581				22,021
TOTAL LIABILITIES	32,048		32,048				25,446
TOTAL EQUITY AND LIABILITIES	59,408		88,866				79,721
No. of ordinary shares in issue ('000)	397,120		525,200				525,200
NA (RM'000)	27,360		56,818				54,275
NA per share (RM)	0.07		0.11				0.10

11. FINANCIAL INFORMATION (Cont'd)

RADIANT GLOBALTECH GROUP

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.1 Pro Forma I

Pro Forma I incorporates the effects of the Public Issue and Offer for Sale as set out in Section 2.2.1(i) and Section 2.2.1(ii) above.

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the use of proceeds from the Public Issue.

The proceeds from the Public Issue will be utilised as follows:-

	RM'000	%	Estimated time frame (from the listing date)
Business and capital expansion:			
- <i>Malaysia operations:</i>			
- Acquisition and renovation of new office units ^	7,500	25.46	Within 24 months
- Rental of warehouse	500	1.70	Within 24 months
- Purchase of computer equipment and ERP solution ^	2,000	6.79	Within 24 months
	10,000	33.95	
- <i>RG Vietnam's operations:</i>			
- Rental of a new office unit	600	2.04	Within 24 months
- Renovation of a new office unit ^	400	1.35	Within 24 months
- Acquisition of new motor vehicles ^	300	1.02	Within 24 months
- Purchase of computer equipment ^	300	1.02	Within 24 months
	1,600	5.43	
Working capital	4,756	16.15	Within 24 months
Expansion of retail software business	3,000	10.18	Within 24 months
Repayment of bank borrowings	6,602	22.41	Within 6 months
Estimated listing expenses *	3,500	11.88	Within 3 months
	29,458	100.00	

Notes:

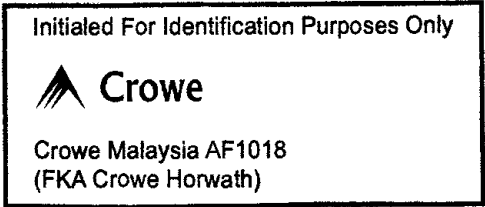
- ^ - Acquisition of property, plant and equipment amounting to RM10,500,000 as per Pro Forma II.
- * - The estimated listing expenses arising from the issuance of new Radiant Globaltech Shares pursuant to the IPO amounting to approximately RM1,276,000 (including RM309,000 was recognised in prepayments as at 31 December 2017) is to be offset against the share capital and the remaining estimated listing expenses of approximately RM2,224,000 (including RM957,000 which was recognised in the FYE 31 December 2017) will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

Initialed For Identification Purposes Only



Crowe Malaysia AF1018
(FKA Crowe Horwath)

11. FINANCIAL INFORMATION (Cont'd)



APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **06 JUN 2018**

On behalf of the Board of Directors,

Yap Ban Foo

Yap Sin Sang

11. FINANCIAL INFORMATION (Cont'd)**11.4 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness:-

- (i) as at 30 April 2018 before Public Issue and utilisation of proceeds; and
- (ii) as adjusted for the proceeds arising from our Public Issue and utilisation of proceeds from Public Issue.

	(Unaudited) As at 30 April 2018 RM'000	After Public Issue and utilisation of proceeds RM'000
Indebtedness:-		
<u>Current</u>		
<i>Secured and guaranteed</i>		
Hire purchase payables	164	161
Term loans	1,142	553
	1,306	714
<u>Non-current</u>		
<i>Secured and guaranteed</i>		
Hire purchase payables	611	667
Term loans	7,875	2,216
	8,486	2,883
Total Indebtedness	9,792	3,597
Shareholders' equity	28,116	54,275
Total capitalisation and indebtedness	37,908	57,872
Gearing ratio (times)*	0.35	0.07

Note:-

* Computed based on total indebtedness over our shareholders' equity.

11. FINANCIAL INFORMATION (Cont'd)

11.5 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

- (i) The availability of adequate reserves and cash flows;
- (ii) Our operating cash flow requirements and financing commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) Any material impact of tax laws and other regulatory requirements.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy.

There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. There is no dividend restriction being imposed on our Group currently.

12. ACCOUNTANTS' REPORT



Date : 06 JUN 2018

Crowe Malaysia AF1018
(FKA Crowe Horwath)

Level 16, Tower C, Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Main +6 03 2788 9999

Fax +6 03 2788 9998

www.crowe.my

The Board of Directors
Radiant Globaltech Berhad
Unit 03-06 & 03-07, Level 3, Tower B,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200, Kuala Lumpur.

Dear Sirs/Madam

**ACCOUNTANTS' REPORT
RADIANT GLOBALTECH BERHAD**

**REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED
IN THE ACCOUNTANTS' REPORT OF RADIANT GLOBALTECH BERHAD (THE
"COMPANY" OR "RADIANT GLOBALTECH")**

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprises the combined statements of financial position as at 31 December 2015 and 2016 and the consolidated statements of financial position as at 31 December 2017 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2015 and 2016 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year ended 31 December 2017, and notes to the combined and consolidated financial statements, including a summary of significant accounting policies as set out in pages 4 to 87.

This historical financial information has been prepared for inclusion in the prospectus of Radiant Globaltech in connection with the listing of and quotation for the entire issued share capital of Radiant Globaltech on the ACE Market of Bursa Malaysia Securities Berhad (the "Prospectus"). This report is required by the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10.03 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2015, 2016 and 2017 and of their financial performance and their cash flows for each of the financial years ended 31 December 2015, 2016 and 2017 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines.

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 *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report.

12. ACCOUNTANTS' REPORT (Cont'd)**INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES**

We are independent of the Group 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.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 information.

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

- Identify and assess the risks of material misstatement of the financial information of the Group, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

12. ACCOUNTANTS' REPORT (Cont'd)


REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents 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.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of Radiant Globaltech in connection with the listing of and quotation for the entire issued share capital of Radiant Globaltech on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Elvina Tay Choon Choon
Approval No: 03329/10/2019 J
Chartered Accountant

Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<-----FYE 31 December----->

	Note	2015 RM'000	2016 RM'000	2017 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	8,295	11,156	11,107
Investment in an associate	5	-	-	342
Deferred tax asset	6	-	-	490
		8,295	11,156	11,939
CURRENT ASSETS				
Inventories	7	9,835	7,782	9,698
Trade receivables	8	20,532	22,725	22,903
Other receivables, deposits and prepayments	9	1,370	1,960	2,102
Amount owing by related parties	10	4,768	3,167	53
Current tax assets		233	513	904
Fixed deposits with licensed banks	11	1,139	1,727	1,524
Cash and bank balances		14,676	13,916	10,285
		52,553	51,790	47,469
TOTAL ASSETS		60,848	62,946	59,408

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

←-----FYE 31 December-----→

	Note	2015 RM'000	2016 RM'000	2017 RM'000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	1,025	1,675	19,856
Foreign exchange translation reserve	13	(173)	(147)	(241)
Merger deficit	14	-	-	(13,681)
Retained profits		17,646	21,816	21,426
TOTAL EQUITY		18,498	23,344	27,360
NON-CURRENT LIABILITIES				
Hire purchase payables	15	702	591	667
Term loans	16	4,564	9,046	8,258
Deferred revenue	17	222	788	542
		5,488	10,425	9,467
CURRENT LIABILITIES				
Trade payables	18	15,724	7,403	12,084
Other payables and accruals	19	9,595	12,409	9,006
Amount owing to related parties	10	6,863	3,027	49
Amount owing to directors	20	3,264	3,930	-
Bankers' acceptances	21	230	397	-
Hire purchase payables	15	108	105	161
Term loans	16	464	1,103	1,113
Current tax liabilities		614	803	168
		36,862	29,177	22,581
TOTAL LIABILITIES		42,350	39,602	32,048
TOTAL EQUITY AND LIABILITIES		60,848	62,946	59,408

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<-----FYE 31 December----->				
	Note	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	22	66,402	76,847	80,783
Cost of sales		(42,704)	(45,660)	(47,254)
Gross profit ("GP")		23,698	31,187	33,529
Other income	23	169	1,165	967
		23,867	32,352	34,496
Selling and distribution expenses	24	(887)	(912)	(1,201)
Administrative expenses	25	(2,924)	(3,841)	(4,578)
Staff costs	26	(10,487)	(13,783)	(16,800)
Other expenses	27	(1,360)	(1,612)	(2,139)
Finance costs	28	(174)	(357)	(617)
Share of net losses of equity accounted in an associate		-	-	(158)
Profit before taxation ("PBT")		8,035	11,847	9,003
Income tax expense	29	(1,690)	(2,377)	(1,893)
Profit after taxation ("PAT")		6,345	9,470	7,110
Other comprehensive (expenses)/income, net of tax				
<u>Item that May be Reclassified</u> <u>Subsequently to Profit or Loss</u>				
Foreign currency translation differences		(41)	26	(94)
Total comprehensive income for the financial year		6,304	9,496	7,016

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		<-----FYE 31 December----->		
	Note	2015 RM'000	2016 RM'000	2017 RM'000
PAT attributable to owners of the Company		6,345	9,470	7,110
Total comprehensive income attributable to owners of the Company		6,304	9,496	7,016
Earnings per share (sen) - Basic/Diluted	30	1.60	2.38	1.79

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	←Non-distributable→			Distributable	
		Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total Equity RM'000
Audited						
Balance at 1 January 2015		925	(132)	-	11,301	12,094
PAT for the financial year		-	-	-	6,345	6,345
Other comprehensive expenses for the financial year:						
- Foreign currency translation differences		-	(41)	-	-	(41)
Total comprehensive (expenses)/income for the financial year		-	(41)	-	6,345	6,304
Contributions by owners of the Company:						
- Issuance of shares	12	100	-	-	-	100
Balance at 31 December 2015/1 January 2016		1,025	(173)	-	17,646	18,498
PAT for the financial year		-	-	-	9,470	9,470
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	26	-	-	26
Total comprehensive income for the financial year		-	26	-	9,470	9,496
Contributions by and distribution to owners of the Company:						
- Issuance of shares	12	350	-	-	-	350
- Bonus issues	12	300	-	-	(300)	-
- Dividends	31	-	-	-	(5,000)	(5,000)
Total transactions with owners		650	-	-	(5,300)	(4,650)
Balance at 31 December 2016		1,675	(147)	-	21,816	23,344

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	<-----Non-distributable----->			Distributable	
		Share Capital RM'000	Foreign Exchange Translation Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1 January 2017		1,675	(147)	-	21,816	23,344
PAT for the financial year		-	-	-	7,110	7,110
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	(94)	-	-	(94)
Total comprehensive (expenses)/income for the financial year		-	(94)	-	7,110	7,016
Contributions by and distribution to owners of the Company:						
- Bonus issues	12	4,500	-	-	(4,500)	-
- Issuance of shares	12	15,206	-	-	-	15,206
- Dividends	31	-	-	-	(3,000)	(3,000)
- Adjustment on the acquisition of RG Malaysia, RG Solutions and RG Cambodia		(1,525)	-	(13,681)	-	(15,206)
Total transactions with owners		18,181	-	(13,681)	(7,500)	(3,000)
Balance at 31 December 2017		19,856	(241)	(13,681)	21,426	27,360

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
PBT	8,035	11,847	9,003
Adjustments for:-			
Depreciation of property, plant and equipment	322	357	606
Share of net losses of equity accounted in an associate	-	-	158
Interest income	(53)	(155)	(89)
Interest expenses	174	357	617
Listing expenses	-	-	957
Equipment written off	4	186	-
Unrealised loss/(gain) on foreign exchange	126	(720)	43
Writeback of impairment losses on trade receivables	(18)	-	(507)
Gain on disposal of a subsidiary	-	-	(8)
Writeback of impairment on inventories	-	-	(261)
Inventories written down	-	1,535	145
Impairment losses on trade receivables	197	811	38
Operating profit before working capital changes	8,787	14,218	10,702
(Increase)/Decrease in inventories	(2,039)	518	(1,800)
(Increase)/Decrease in trade and other receivables	(1,766)	(2,076)	433
Increase/(Decrease) in trade and other payables	5,932	(5,693)	1,251
Decrease in amount owing by related parties	427	1,485	2,259
Decrease in amount owing to related parties	(629)	(3,817)	(2,766)
CASH FROM OPERATIONS	10,712	4,635	10,079
Interest paid	(174)	(357)	(617)
Income tax refunded	12	27	163
Income tax paid	(1,804)	(2,495)	(3,577)
NET CASH FROM OPERATING ACTIVITIES	8,746	1,810	6,048

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

<-----FYE 31 December----->			
Note	2015 RM'000	2016 RM'000	2017 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(3,669)	(3,404)	(281)
Interest received	53	155	89
Investment in an associate	-	-	(500)
Disposal of a subsidiary, net of cash	-	-	11
(Increase)/Decrease in pledged fixed deposits with licensed banks	(100)	(577)	434
(Repayment to)/Advances from related parties	(76)	(72)	855
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(3,792)	(3,898)	608
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES			
Dividends paid	-	(5,000)	(3,000)
Advances from/(Repayment to) directors	2,073	666	(3,930)
(Repayment)/Drawdown of bankers' acceptances, net	(496)	167	(397)
Payment of listing expenses	-	-	(1,266)
Drawdown of term loans	2,912	5,600	-
Repayment of term loans	(219)	(479)	(778)
Advances from/(Repayment to) related parties	45	(16)	(201)
Proceeds from issuance of shares	100	350	-
Repayment of hire purchase obligations	(55)	(115)	(144)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	4,360	1,173	(9,716)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,314	(915)	(3,060)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(100)	166	(340)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,796	15,010	14,261
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	15,010	14,261	10,861

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

- (a) The Company was incorporated in Malaysia on 10 July 2003, as a private limited company under the name of Spartan Systems Integration Sdn. Bhd.. On 21 October 2013, the Company changed its name to Axiome Portal Sdn. Bhd.. On 18 April 2017, the Company changed its name to Radiant Globaltech Sdn. Bhd.. On 3 August 2017, the Company was converted to a public limited liability company, and carried the legal name, Radiant Globaltech Berhad. The Company is principally engaged in the provision of retail software solutions and investment holding.

On 15 March 2017, the Company invested RM500,000 representing an equity interest of 20% into Symple Apps Sdn. Bhd. which is principally engaged in the provision of mobile application software.

On 29 June 2017, the Company entered into conditional Share Sale and Purchase Agreements with the Vendors of RG Malaysia, RG Solutions and RG Cambodia respectively:-

- (i) to acquire the entire issued share capital of RG Malaysia of RM1,500,000 comprising 1,500,000 ordinary shares for a purchase consideration of RM14,133,000 which was satisfied by the issuance of 282,660,000 new shares at an issue price of RM0.05 per share;
- (ii) to acquire the entire issued share capital of RG Solutions of RM10,000 comprising 10,000 ordinary shares for a purchase consideration of RM1,073,000 which was satisfied by the issuance of 21,460,000 new shares at an issue price of RM0.05 per share; and
- (iii) to acquire the entire issued and paid-up share capital of RG Cambodia of USD5,000 comprising 1,000 ordinary shares of USD5.00 each for a purchase consideration of RM1 which was satisfied by cash.

The purchase considerations of RG Malaysia, RG Solutions and RG Cambodia were arrived at on a willing-buyer willing-seller basis. The acquisitions of RG Malaysia and RG Solutions were completed on 30 June 2017 and RG Cambodia was completed on 25 August 2017. RG Malaysia, RG Solutions and RG Cambodia became wholly-owned subsidiaries of the Company.

- (b) RG Malaysia was incorporated in Malaysia on 24 June 1994, as a private limited company and is principally engaged in trading in retail technology hardware, provision of maintenance and technical support services, and investment holding.
- (c) RG Solutions was incorporated in Malaysia on 24 December 2012, as a private limited company and is principally engaged in the provision of retail technology software solutions.
- (d) RG Cambodia was incorporated in Cambodia on 25 January 2013 under the Regulations of Commercial Rules and Register Law, Commercial Enterprises Law, Civil Code and Penal Code of the Kingdom of Cambodia, as a private limited company and is principally engaged in the trading of retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL INFORMATION (CONT'D)**

- (e) RG Vietnam was incorporated in Vietnam pursuant to the Law on Investment No.59/2005/QH11 of the National Assembly of Vietnam and the Law on Enterprises No.60/2005/QH11 of the National Assembly of Vietnam on 21 December 2006 as a sole member limited company under the name of Spartan Vietnam Limited Company. It subsequently changed its name to Radiant Global ADC Vietnam Co., Ltd. on 15 January 2016 and has assumed this name since then. The Company is principally engaged in the trading of retail technology hardware and provision of retail technology software solutions, maintenance and technical support services.
- (f) Accurate Computer Solutions is incorporated in Malaysia on 7 September 1990, as a private limited company and is principally engaged in the trading of retail technology hardware. During the current financial year, RG Malaysia disposed of its entire equity interest in Accurate Computer Solutions for a total cash consideration of RM50,000.

Notes:-

<i>Radiant Globaltech</i>	-	<i>Radiant Globaltech Berhad</i>
<i>RG Malaysia</i>	-	<i>Radiant Global ADC Sdn. Bhd.</i>
<i>RG Solutions</i>	-	<i>Radiant Global Solutions Sdn. Bhd. (formerly known as Axiome Technologies (M) Sdn. Bhd.)</i>
<i>RG Cambodia</i>	-	<i>Radiant Global ADC Cambo Pte., Ltd.</i>
<i>RG Vietnam</i>	-	<i>Radiant Global ADC Vietnam Co., Ltd.</i>
<i>Accurate Computer Solutions</i>	-	<i>Accurate Computer Solutions Sdn. Bhd.</i>

(Collectively defined as "the Group" or "Radiant Globaltech Group")

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION****FYE 31 December 2015 and 2016**

Radiant Globaltech Group has not been established as at the end of the financial year ended ("FYE") 31 December 2016 and hence, there are no consolidated financial statements of the Group for FYE 31 December 2015 and 2016. The combined financial statements for the FYE 31 December 2015 and 2016 are prepared based on the financial statements of Radiant Globaltech, RG Malaysia, RG Solutions, RG Cambodia, RG Vietnam and Accurate Computer Solutions.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of Radiant Globaltech Group for the FYE 31 December 2015 and 2016 were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within Radiant Globaltech Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by Radiant Globaltech Group.

All material intra-group transactions and balances have been eliminated on combination.

The financial information of RG Malaysia and its subsidiaries, RG Vietnam and Accurate Computer Solutions, are prepared in accordance with the basis of consolidation as disclosed in Note 3.3 to the financial statements.

FYE 31 December 2017

During the FYE 31 December 2017, Radiant Globaltech Group was established upon the acquisition of RG Malaysia and its subsidiary, RG Solutions and RG Cambodia and hence, the consolidated financial statements of the Group are prepared for the FYE 31 December 2017.

The basis of consolidation is disclosed in Note 3.3 to the financial statements.

The combined and consolidated financial statements of Radiant Globaltech Group are prepared under the historical cost convention and modified to include other basis 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 Prospectus Guidelines.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

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

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

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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.

- 2.2 The Group has not applied in advance the following accounting standards and 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 FYE 31 December 2017:-

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

	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

2.2 The Group has not applied in advance the following accounting standards and 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 FYE 31 December 2017 (Cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES****3.1 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

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment 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 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 amount of property, plant and equipment as at the reporting date is disclosed in Note 4 to the financial statements.

(b) 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 7 to the financial statements.

(c) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade and other receivables as at the reporting date is disclosed in Notes 8 and 9 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(d) 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 amount of the Group's current tax assets/(liabilities) as at the reporting date is approximately of RM904,000 and (RM168,000) (2016 - RM513,000 and (RM803,000) and 2015 - RM233,000 and (RM614,000)).

(e) 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 6 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:-

Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

3.2 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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)****(a) Functional and Presentation Currency (Cont'd)**

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)****(c) Foreign Operations (Cont'd)**

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.

3.3 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.

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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 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 and 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 and 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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 BASIS OF CONSOLIDATION (CONT'D)****(e) Loss of Control**

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement 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 intend 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. 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 statement of financial position are disclosed in the individual policy statement associated with each item.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial Liabilities****(i) Financial Liabilities at Fair Value through Profit or Loss**

As at the end of the reporting period, there were no financial liabilities classified under this category.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 FINANCIAL INSTRUMENTS (CONT'D)****(d) Derecognition (Cont'd)**

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

3.5 INVESTMENTS IN ASSOCIATES

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2017. 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.

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 139. 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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 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	75 years
Office buildings	2%
Motor vehicles	16% - 20%
Furniture and fittings	10% - 25%
Office equipment	20% - 33%
Renovation	10%
Computer	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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 IMPAIRMENT****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(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 the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates 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 immediately.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.8 LEASED ASSETS****(a) Finance Assets**

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.

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 Lease

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.

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.

3.9 INVENTORIES

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

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

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 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.

3.11 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.12 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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.12 INCOME TAXES (CONT'D)****(b) Deferred Tax (Cont'd)**

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.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

3.13 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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 PROVISIONS**

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

3.15 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.

3.16 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.

3.17 DEFERRED REVENUE

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

3.18 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns GST, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 REVENUE AND OTHER INCOME (CONT'D)****(b) Services**

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Interest Income

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

3.19 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's 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.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBAL TECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building RM'000	Office buildings RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Computer RM'000	Total RM'000
Net book value at 1 January 2015	3,676	-	342	85	70	275	4	4,452
Additions	-	3,458	630	7	59	-	14	4,168
Written off	-	-	(*)	(*)	(*)	-	(4)	(4)
Exchange fluctuation differences	-	-	-	*	1	-	-	1
Depreciation charge	(66)	(54)	(108)	(15)	(21)	(55)	(3)	(322)
Net book value at 31 December 2015/1 January 2016	3,610	3,404	864	77	109	220	11	8,295
Additions	-	2,894	-	193	72	245	-	3,404
Written off	-	-	(*)	(98)	(48)	(40)	-	(186)
Exchange fluctuation differences	-	-	-	*	*	-	-	*
Depreciation charge	(67)	(69)	(87)	(21)	(37)	(72)	(4)	(357)
Net book value at 31 December 2016/1 January 2017	3,543	6,229	777	151	96	353	7	11,156
Additions	-	-	478	2	71	6	-	557
Exchange fluctuation differences	-	-	*	(*)	(*)	-	-	*
Depreciation charge	(67)	(140)	(272)	(21)	(29)	(72)	(5)	(606)
Net book value at 31 December 2017	3,476	6,089	983	132	138	287	2	11,107

Note:-

* - Amount below RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBAL TECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

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

	Leasehold land and building RM'000	Office buildings RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Computer RM'000	Total RM'000
At 31.12.2015								
At cost	4,010	3,458	1,237	323	262	564	14	9,868
Accumulated depreciation	(400)	(54)	(373)	(246)	(153)	(344)	(3)	(1,573)
Net book value	3,610	3,404	864	77	109	220	11	8,295
At 31.12.2016								
At cost	4,010	6,352	1,165	209	220	728	14	12,698
Accumulated depreciation	(467)	(123)	(388)	(58)	(124)	(375)	(7)	(1,542)
Net book value	3,543	6,229	777	151	96	353	7	11,156
At 31.12.2017								
At cost	4,010	6,352	1,643	211	291	734	14	13,255
Accumulated depreciation	(534)	(263)	(660)	(79)	(153)	(447)	(12)	(2,148)
Net book value	3,476	6,089	983	132	138	287	2	11,107

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group made the following cash payment to purchase property, plant and equipment in the relevant financial years, as follows:-

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Cost of property, plant and equipment purchased	4,168	3,404	557
Amount financed through hire purchase	(499)	-	(276)
	<u>3,669</u>	<u>3,404</u>	<u>281</u>

Included in the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Motor vehicles, at net book value	864	777	885

Included in the net book value of property, plant and equipment at the end of the reporting period were the following assets pledged to financial institutions as security for banking facilities granted to the Group:-

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Leasehold land and building	3,610	3,543	3,476
Office buildings	3,404	6,229	6,089

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Included in the net book value of property, plant and equipment at the end of the reporting period were the following assets held in trust by the director:-

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Motor vehicle	16	16	2

5. INVESTMENT IN AN ASSOCIATE

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Unquoted shares, at cost	-	-	500
Share of post-acquisition losses	-	-	(158)
	-	-	342

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2017 %	2016 %	
Symple Apps Sdn. Bhd.*	Malaysia	20	-	Provision of mobile application software.

Note:-

* - This associate was audited by other firm of chartered accountants.

- (a) The Group recognised its share of results in Symple Apps Sdn. Bhd. based on the audited financial statements drawn up to the most recent reporting date, which is 31 December 2017.
- (b) Summarised financial information has not been presented as the associates are not individually material to the Group.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****6. DEFERRED TAX ASSET**

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
At 1 January	-	-	-
Recognised in Profit or Loss (Note 29)	-	-	497
Exchange difference	-	-	(7)
At 31 December	<u>-</u>	<u>-</u>	<u>490</u>

The deferred tax asset 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.

7. INVENTORIES

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
Goods-in-transit	576	6	1,166
Finished goods	9,259	7,776	8,532
	<u>9,835</u>	<u>7,782</u>	<u>9,698</u>

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
Recognised in profit or loss:-			
Inventories recognised as cost of sales	41,642	44,157	47,077
Inventories written down	-	1,535	145
Writeback of inventories previously written down	-	-	(261)

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

8. TRADE RECEIVABLES

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Trade receivables	19,683	23,644	23,165
Unbilled receivables	1,266	309	420
	<u>20,949</u>	<u>23,953</u>	<u>23,585</u>
Allowance for impairment losses	(417)	(1,228)	(682)
	<u>20,532</u>	<u>22,725</u>	<u>22,903</u>
Allowance for impairment losses:-			
At 1 January	(238)	(417)	(1,228)
Addition during the financial year	(197)	(811)	(38)
Writeback during the financial year	18	-	507
Written off during the financial year	-	-	77
At 31 December	<u>(417)</u>	<u>(1,228)</u>	<u>(682)</u>

(a) Unbilled receivables represent services rendered but not yet billed.

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

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<----FYE 31 December---->		
	2015 RM'000	2016 RM'000	2017 RM'000
Other receivables:-			
Third parties	125	335	118
Advances to suppliers	170	14	161
GST recoverable	22	95	147
	317	444	426
Deposits	78	228	131
Prepayments	975	1,288	1,545
	<u>1,370</u>	<u>1,960</u>	<u>2,102</u>

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

10. AMOUNT OWING BY RELATED PARTIES

	<----FYE 31 December---->		
	2015 RM'000	2016 RM'000	2017 RM'000
Amount owing by related parties:-			
Trade balances	3,985	2,312	53
Non-trade balances	783	855	-
	<u>4,768</u>	<u>3,167</u>	<u>53</u>
Amount owing to related parties:-			
Trade balances	(6,646)	(2,826)	(49)
Non-trade balances	(217)	(201)	-
	<u>(6,863)</u>	<u>(3,027)</u>	<u>(49)</u>

- (a) The trade balances are subject to the normal trade credit term of 30 days.
- (b) The non-trade balances were unsecured, interest-free advances and repayable on demand. The amounts owing were settled in cash.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****11. FIXED DEPOSITS WITH LICENSED BANKS**

The effective interest rates and maturity periods of the fixed deposits at the end of the relevant financial years are as follows:-

	←-----FYE 31 December----->		
	2015	2016	2017
Effective interest rates per annum (%)	3.25 - 3.45	3.10 - 3.45	2.90 - 3.15
Maturity periods (days)	183 - 365	183 - 365	183 - 365

Included in the fixed deposits with licensed banks of the Group at the end of the reporting period are amounts which have been pledged to licensed banks as security for banking facilities granted to the Group is as follows:-

	←-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Fixed deposits pledged to licensed banks	805	1,382	948

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	←-----FYE 31 December----->			←-----FYE 31 December----->		
	2015	2016	2017	2015	2016	2017
	←----- Numbers of Shares----->					
	RM----->					
Authorised:						
Ordinary shares of RM1.00 each Radiant Globaltech						
At 1 January	100,000	100,000	N/A	100,000	100,000	N/A
Creation of new shares	-	300,000	N/A	-	300,000	N/A
At 31 December	100,000	400,000	N/A	100,000	400,000	N/A
Ordinary shares of RM1.00 each RG Malaysia						
At 1 January	1,000,000	1,000,000	N/A	1,000,000	1,000,000	N/A
Creation of new shares	-	4,000,000	N/A	-	4,000,000	N/A
At 31 December	1,000,000	5,000,000	N/A	1,000,000	5,000,000	N/A

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL (CONT'D)

The movements in the authorised and paid-up share capital of the Company are as follows (Cont'd):-

	←-----FYE 31 December----->			←-----FYE 31 December----->		
	2015	2016	2017	2015	2016	2017
	←----- Numbers of Shares ----->					
	----- RM ----->					
Authorised:						
Ordinary shares of RM1.00 each						
RG Solutions						
At 1 January/31 December	100,000	100,000	N/A	100,000	100,000	N/A
Ordinary shares of USD5.00 each						
RG Cambodia						
At 1 January/31 December	1,000	1,000	1,000	15,195	15,195	15,195
At 31 December	1,201,000	5,501,000	1,000	1,215,195	5,515,195	15,195

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL (CONT'D)

The movements in the authorised and paid-up share capital of the Company are as follows (Cont'd):-

	←-----FYE 31 December-----→			←-----FYE 31 December-----→		
	2015	2016	2017	2015	2016	2017
	←-----Numbers of Shares-----→			←-----RM-----→		
Issued And Fully Paid-up:						
Radiant Globaltech						
At 1 January	500	100,000	150,000	500	100,000	150,000
Share split	-	-	2,850,000	-	-	-
Bonus issue	500	100,000	3,000,000	500	100,000	150,000
	-	-	90,000,000	-	-	4,500,000
Issuance of new shares	500	100,000	93,000,000	500	100,000	4,650,000
	99,500	50,000	304,120,000	99,500	50,000	15,206,000
At 31 December	100,000	150,000	397,120,000	100,000	150,000	19,856,000
Ordinary shares of RM1.00 each RG Malaysia						
At 1 January	900,000	900,000	1,500,000	900,000	900,000	1,500,000
Issuance of new shares	-	300,000	-	-	300,000	-
Bonus issue	-	300,000	-	-	300,000	-
Adjustment on the acquisition of RG Malaysia	-	-	(1,500,000)	-	-	(1,500,000)
At 31 December	900,000	1,500,000	-	900,000	1,500,000	-

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL (CONT'D)

The movements in the authorised and paid-up share capital of the Company are as follows (Cont'd):-

	<-----FYE 31 December----->			<-----FYE 31 December----->		
	2015	2016	2017	2015	2016	2017
	<----- Numbers of Shares----->					
	RM----->					
Issued And Fully Paid-up: Ordinary shares of RM1.00 each RG Solutions	10,000	10,000	10,000	10,000	10,000	10,000
At 1 January	-	-	(10,000)	-	-	(10,000)
Adjustment on the acquisition of RG Solutions	10,000	10,000	-	10,000	10,000	-
At 31 December	1,000	1,000	1,000	15,195	15,195	15,195
Ordinary shares of USD5.00 each RG Cambodia	-	-	(1,000)	-	-	(15,195)
At 1 January/31 December	1,000	1,000	-	15,195	15,195	-
Adjustment on the acquisition of RG Cambodia	-	-	-	-	-	-
At 31 December	1,011,000	1,661,000	397,120,000	1,025,195	1,675,195	19,856,000

N/A - Not applicable pursuant to the Companies Act 2016 which came into operation on 31 January 2017 as disclosed in the next page.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****12. SHARE CAPITAL (CONT'D)**

For the purpose of this report, the total number of shares as at FYE 31 December 2015 and FYE 31 December 2016 represent the aggregate number of issued and fully paid-up shares of all entities within the Group.

FYE 31 December 2015

Radiant Globaltech increased its issued and paid-up share capital from RM500 to RM100,000 by the allotment of 99,500 new ordinary shares of RM1.00 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of Radiant Globaltech.

FYE 31 December 2016

Radiant Globaltech increased its authorised share capital from RM100,000 to RM400,000 by the creation of 300,000 new ordinary shares of RM1.00 each.

Radiant Globaltech increased its issued and paid-up share capital from RM100,000 to RM150,000 by the allotment of 50,000 new ordinary shares of RM1.00 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of Radiant Globaltech.

RG Malaysia increased its authorised share capital from RM1,000,000 to RM5,000,000 by the creation of 4,000,000 new ordinary shares of RM1.00 each.

RG Malaysia increased its issued and paid-up share capital from RM900,000 to RM1,500,000 by the allotment of 600,000 new ordinary shares of RM1.00 each at par. The new ordinary shares were issued for cash consideration of RM300,000 for the purpose of working capital and bonus issue of RM300,000. The new ordinary shares issued rank pari passu in all respects with the existing shares of RG Malaysia.

FYE 31 December 2017

On 31 January 2017, the concept of authorised share capital and par value of share capital was abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Radiant Globaltech has undertaken a share split involving subdivision of every 1 existing ordinary share in the Company into 20 ordinary shares. The Company increased its issued share capital from RM150,000 to RM19,856,000 by the issuance of 90,000,000 new ordinary shares for bonus issue on the basis of 30 bonus shares for every 1 existing share and by issuance of 304,120,000 new ordinary shares for the total consideration of RM15,206,000 as full payment for the acquisition of RG Malaysia and RG Solutions.

13. 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.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****14. 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.

15. HIRE PURCHASE PAYABLES

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
Minimum hire purchase payments:			
- not later than 1 year	145	136	198
- later than 1 year and not later than 5 years	553	544	742
- later than 5 years	251	118	8
	949	798	948
Less: Future finance charges	(139)	(102)	(120)
Present value of hire purchase payables	810	696	828
Analysed by:-			
Current liabilities	108	105	161
Non-current liabilities	702	591	667
	810	696	828

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 4 to the financial statements.

The hire purchase arrangements are expiring as follows:-

	<-----FYE 31 December----->		
	2015	2016	2017
Years	7 to 8	6 to 7	5 to 6
	7 to 8	6 to 7	5 to 6

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****15. HIRE PURCHASE PAYABLES (CONT'D)**

- (b) The hire purchase payables of the Group at the end of the relevant financial years bore effective interest rates as follows:-

	<-----FYE 31 December----->		
	2015	2016	2017
Effective interest rates per annum (%)	4.64 - 10.55	4.64 - 10.55	4.64 - 4.97

16. TERM LOANS (SECURED)

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Current liabilities	464	1,103	1,113
Non-current liabilities	4,564	9,046	8,258
	<u>5,028</u>	<u>10,149</u>	<u>9,371</u>

- (a) The term loans are secured by:-
- (i) a first legal charge over the properties of the Group as disclosed in Note 4 to the financial statements;
 - (ii) a joint and several guarantee executed by two of the directors of the Company; and
 - (iii) a pledge of fixed deposits as disclosed in Note 11 to the financial statements.
- (b) The interest rate profile of the term loans are summarised as below:-

	<-----FYE 31 December----->			<-----FYE 31 December----->		
	Effective Interest Rates					
	2015 %	2016 %	2017 %	2015 RM'000	2016 RM'000	2017 RM'000
Floating rate term loans	4.89 - 5.00	4.50 - 7.67	4.50 - 7.67	5,028	10,149	9,371

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****17. DEFERRED REVENUE**

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
Current liabilities (Note 19)	1,337	2,564	2,889
Non-current liabilities	222	788	542
	<u>1,559</u>	<u>3,352</u>	<u>3,431</u>

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

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 60 days.

19. OTHER PAYABLES AND ACCRUALS

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
Other payables:-			
Third parties	733	309	679
Advances from customers	104	1,443	483
GST payable	271	276	253
	<u>1,108</u>	<u>2,028</u>	<u>1,415</u>
Accruals	7,150	7,360	4,702
Deposits received	-	457	-
Deferred revenue (Note 17)	1,337	2,564	2,889
	<u>9,595</u>	<u>12,409</u>	<u>9,006</u>

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

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****20. AMOUNT OWING TO DIRECTORS**

The amount owing was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was fully settled.

21. BANKERS' ACCEPTANCES

(a) The bankers' acceptances were secured by :-

- (i) a first legal charge over properties of the Group as disclosed in Note 4 to the financial statements;
- (ii) a joint and several guarantee executed by two of the directors of the Company; and
- (iii) a pledge of half-yearly placement of fixed deposits for RM25,000, effective from 31 December 2008.

(b) The bankers' acceptances of the Group at the end of the FYE 31 December 2015 and 2016 bore floating interest rates ranging from 4.62% and 5.79% to 5.95% per annum, respectively.

22. REVENUE

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Hardware	51,277	58,509	58,306
Retail software solutions	6,344	7,104	10,432
Maintenance and technical support services	8,781	11,234	12,045
	66,402	76,847	80,783

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****23. OTHER INCOME**

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Interest income	53	155	89
Administrative income	96	99	-
Gain on disposal of a subsidiary	-	-	8
Writeback of impairment losses on trade receivables	18	-	507
Gain on foreign exchange:			
- realised	-	*	-
- unrealised	-	720	-
Others	2	191	363
	<u>169</u>	<u>1,165</u>	<u>967</u>

Note:-

* - Amount below RM1,000

24. SELLING AND DISTRIBUTION EXPENSES

Included in selling and distribution expenses are:-

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Commission expenses	851	883	1,132
Exhibition and events expenses	23	-	41
	<u>874</u>	<u>883</u>	<u>1,173</u>

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****25. ADMINISTRATIVE EXPENSES**

Included in administrative expenses are:-

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Auditor's remuneration:			
- audit fees:			
- current financial year			
- Crowe Horwath Malaysia	-	58	58
- Overseas affiliates of Crowe Horwath Malaysia	-	6	46
- other auditors	40	4	-
- underprovision in the previous financial year			
- other auditors	2	-	-
- non-audit fees:			
- Overseas affiliates of Crowe Horwath Malaysia	-	-	26
Petrol expenses	605	748	780
Rental expenses	165	315	358
	<u> </u>	<u> </u>	<u> </u>

26. STAFF COSTS

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Director's fees	94	91	52
Directors' non-fee emoluments:			
- salaries, bonuses, incentive and allowances	1,810	1,960	2,721
- defined contribution benefits	110	237	721
Staff costs (including other key management personnel as disclosed in Note 33):			
- salaries, bonuses, incentive, allowances and other benefits	7,587	10,198	11,888
- defined contribution benefits	886	1,297	1,418
	<u>10,487</u>	<u>13,783</u>	<u>16,800</u>

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****27. OTHER EXPENSES**

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	322	357	606
Equipment written off	4	186	-
Impairment losses on trade receivables	197	811	38
Loss on foreign exchange:			
- realised	711	258	458
- unrealised	126	-	39
Listing expenses	-	-	957
Others	*	-	41
	1,360	1,612	2,139

Note:-

* - Amount below RM1,000

28. FINANCE COSTS

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Interest expense on financial liabilities not at fair value through profit or loss:			
- bank overdraft	3	7	*
- term loans	110	270	543
- hire purchase	18	37	38
- bankers' acceptances	43	43	36
	174	357	617

Note:-

* - Amount below RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

29. INCOME TAX EXPENSE

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Current tax:			
- for the financial year	1,690	2,384	1,996
- (over)/underprovision in the previous financial year	(*)	(7)	394
	1,690	2,377	2,390
Deferred tax (Note 6):			
- origination and reversal of temporary differences	-	-	(17)
- underprovision in the previous financial year	-	-	(480)
	-	-	(497)
	1,690	2,377	1,893

Note:-

* - Amount below RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****29. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the PBT at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
PBT	8,035	11,847	9,003
Tax at the statutory tax rate of:-			
- 25%	2,009	-	-
- 24%	-	2,843	2,161
Tax effects of:-			
Differential in tax rates	(61)	(73)	(53)
Tax-exempt income	(575)	(886)	(427)
Non-deductible expenses	203	418	283
Non-taxable gains	-	-	(36)
Deferred tax assets not recognised during the financial year	33	83	30
Utilisation of deferred tax assets previously not recognised	-	(4)	(17)
Share of net losses of equity accounted in an associate	-	-	38
Underprovision of deferred tax asset in the previous financial year	-	-	(480)
(Over)/Underprovision of current tax in the previous financial year	(*)	(7)	394
Others	81	3	-
	1,690	2,377	1,893

Note:-

* - Amount below RM1,000

The corporate tax rate on the first RM500,000 of the chargeable income of Radiant Globaltech, RG Malaysia and RG Solutions for the FYE 31 December 2015 was 20%. The tax rate applicable to the balance of the chargeable income was 25%.

The Company 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 corporate tax rate on the first RM500,000 of chargeable income of RG Malaysia and RG Solutions was reduced to 19% and the balance of the chargeable income was reduced to 24% effective year of assessment 2016.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the FYE 31 December 2017. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****29. INCOME TAX EXPENSE (CONT'D)**

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

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
<u>Deferred tax liabilities:-</u>			
- Accelerated capital allowances	(71)	(1,123)	(854)
- Others	-	(652)	-
	(71)	(1,775)	(854)
<u>Deferred tax assets:-</u>			
- Unutilised tax losses	18	-	95
- Inventories written down	-	1,411	1,031
- Impairment losses on trade receivables	412	1,223	682
- Others	389	219	177
	819	2,853	1,985
	748	1,078	1,131

30. EARNINGS PER SHARE

	<-----FYE 31 December----->		
	2015	2016	2017
PAT attributable to owners of the Company (RM'000)	6,345	9,470	7,110
Weighted average number of ordinary shares in issue ('000)	397,120 ⁽¹⁾	397,120 ⁽¹⁾	397,120
Basic/Diluted earnings per ordinary share attributable to equity holders of the Company (sen)	1.60	2.38	1.79

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

Note:-

⁽¹⁾ - The number of shares in issue after acquisition of RG Malaysia and its subsidiary, and RG Solutions for the FYE 31 December 2015 and 2016.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****31. DIVIDENDS**

	<----FYE 31 December---->		
	2015	2016	2017
	RM'000	RM'000	RM'000
<u>The Company</u>			
First interim single tier dividend of approximately RM10.00 per ordinary share in respect of the previous financial year	-	1,000	-
<u>The subsidiary of the Company, RG Malaysia</u>			
First interim single tier dividend of approximately RM2.00 (2016 - RM3.33) per ordinary share in respect of the current financial year	-	4,000	3,000
	-	5,000	3,000

RG Solutions, RG Cambodia, RG Vietnam and Accurate Computer Solutions did not pay or declare any dividends during the relevant financial years.

32. CASH AND CASH EQUIVALENTS

- (a) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	<----FYE 31 December---->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Cash and bank balances	14,676	13,916	10,285
Fixed deposits with licensed banks	1,139	1,727	1,524
	15,815	15,643	11,809
Less: Fixed deposits pledged to licensed banks (Note 11)	(805)	(1,382)	(948)
	15,010	14,261	10,861

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****32. CASH AND CASH EQUIVALENTS (CONT'D)**

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

FYE 31 December 2017	Amount owing to related parties RM'000	Amount owing to directors RM'000	Bankers' acceptances RM'000	Term loans RM'000	Hire purchase payables RM'000	Total RM'000
At 1 January	201	3,930	397	10,149	696	15,373
New hire purchase	-	-	-	-	276	276
Repayment	(201)	(3,930)	(397)	(778)	(144)	(5,450)
At 31 December	-	-	-	9,371	828	10,199

Comparative information is not presented by virtue of the exemption given in MFRS 107.

33. 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.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related Party Transactions

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

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Entities in which certain directors/shareholders/a key management personnel are directors/shareholders:-			
Sales	2,349	1,592	477
Purchases	1,290	1,047	2,372
Administrative income	96	96	-
Advances from related parties	-	7	-
Advances to related parties	-	-	7
A related party of the entity in which certain directors have interests:-			
Sales	-	24	205
Purchases	164	94	127
Directors/Shareholders:-			
Rental expenses	-	20	30
Key management personnel compensation:			
- salaries and other staff related expenses	3,515	4,098	4,614
- fees	94	91	52
- defined contribution plan	275	420	958

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****34. 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 and technical support services – 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 loans and hire purchase payables.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
2015			
Revenue			
External revenue	60,058	6,344	66,402
Inter-segment revenue	2,478	1,579	4,057
	<u>62,536</u>	<u>7,923</u>	<u>70,459</u>
Combined adjustments			(4,057)
Combined revenue			<u>66,402</u>
Results			
Segment profit before interest and taxation	5,168	2,988	8,156
Interest income			53
Finance costs			(174)
Combined PBT			8,035
Income tax expense			(1,690)
Combined PAT			<u>6,345</u>
Segment profit before interest and taxation includes the following:-			
Depreciation of property, plant and equipment	320	2	322
Impairment loss on trade receivables	197	-	197
Writeback of allowance for impairment losses on trade receivables	(18)	-	(18)
Unrealised loss on foreign exchange	126		126
Equipment written off	*	4	4

Note:-

* - Amount below RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
2015			
Assets			
Segment assets	58,938	7,256	66,194
Unallocated assets:			
- current tax assets			233
Combined adjustments			(5,579)
Combined total assets			<u>60,848</u>
 Additions to non-current asset other than financial instruments are:-			
Property, plant and equipment	4,154	14	4,168
 Liabilities			
Segment liabilities	36,977	3,801	40,778
Unallocated liabilities:			
- hire purchase payables			810
- term loans			5,028
- current tax liabilities			614
Combined adjustments			(4,880)
Combined total liabilities			<u>42,350</u>

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
2016			
Revenue			
External revenue	69,743	7,104	76,847
Inter-segment revenue	606	2,078	2,684
	70,349	9,182	79,531
Combined adjustments			(2,684)
Combined revenue			76,847
Results			
Segment profit before interest and taxation	8,233	3,816	12,049
Interest income			155
Finance costs			(357)
Combined PBT			11,847
Income tax expense			(2,377)
Combined PAT			9,470
Segment profit before interest and taxation includes the following:-			
Depreciation of property, plant and equipment	336	21	357
Impairment loss on trade receivables	709	102	811
Inventories written down	1,535	-	1,535
Unrealised gain on foreign exchange	(720)	-	(720)
Equipment written off	186	-	186
	3,046	123	3,169

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
2016			
Assets			
Segment assets	55,658	11,437	67,095
Unallocated assets:			
- current tax assets			513
Combined adjustments			(4,662)
Combined total assets			<u>62,946</u>
Additions to non-current asset other than financial instruments are:			
Property, plant and equipment	510	2,894	3,404
			<u>3,404</u>
Liabilities			
Segment liabilities	28,794	3,123	31,917
Unallocated liabilities:			
- hire purchase payables			696
- term loans			10,149
- current tax liabilities			803
Combined adjustments			(3,963)
Combined total liabilities			<u>39,602</u>

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
2017			
Revenue			
External revenue	70,351	10,432	80,783
Inter-segment revenue	1,698	1,523	3,221
	72,049	11,955	84,004
Consolidated adjustments			(3,221)
Consolidated revenue			80,783
Results			
Segment profit before interest and taxation	7,773	1,916	9,689
Interest income			89
Share of net losses of equity accounted in an associate			(158)
Finance costs			(617)
Consolidated PBT			9,003
Income tax expense			(1,893)
Consolidated PAT			7,110
Segment profit before interest and taxation includes the following:			
Depreciation of property, plant and equipment	531	75	606
Writeback of allowances for impairment losses on trade receivables	(466)	(41)	(507)
Impairment losses on trade receivables	19	19	38
Writeback of allowances for impairment losses on inventories	(261)	-	(261)
Gain on disposal of a subsidiary	(8)	-	(8)
Inventories written down	145	-	145
Unrealised (gain)/loss on foreign exchange	(6)	49	43

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
2017			
Assets			
Segment assets	43,041	11,650	54,691
Unallocated assets:-			
- investment in an associate			342
- deferred tax assets			490
- current tax assets			904
Consolidated adjustments			2,981
Consolidated total assets			<u>59,408</u>
 Additions to non-current assets other than financial instruments are:-			
Property, plant and equipment	551	6	557
 Liabilities			
Segment liabilities	18,406	3,413	21,819
Unallocated liabilities:-			
- hire purchase payables			828
- term loans			9,371
- current tax liabilities			168
Consolidated adjustments			(138)
Consolidated total liabilities			<u>32,048</u>

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customer's billing offices are located.

	Revenue		
	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Australia ⁽¹⁾	8	13	5
Brunei ⁽²⁾	-	*	-
Cambodia	205	1,685	2,644
Germany ⁽¹⁾	26	315	-
Hong Kong ⁽³⁾	-	132	4
Iceland ⁽¹⁾	-	11	-
Indonesia	192	209	572
Italy ⁽¹⁾	7	15	-
Japan ⁽⁴⁾	48	634	2,196
Malaysia ⁽¹⁾	61,180	67,946	66,600
Maldives	-	-	6
Myanmar	223	115	35
Philippines ⁽⁵⁾	57	1,094	357
Singapore ⁽³⁾	452	821	1,434
Sri Lanka	-	-	781
Taiwan	34	56	96
Thailand	867	275	7
Vietnam	3,103	3,526	6,046
	<u>66,402</u>	<u>76,847</u>	<u>80,783</u>

Note:-

* - Amount below RM1,000

(1) - Products and services were delivered and/or performed in Malaysia.

(2) - Products and services were delivered and/or performed in Brunei and Malaysia.

(3) - Products and services were delivered and/or performed in Singapore and Malaysia.

(4) - Products and services were delivered and/or performed in Vietnam and Malaysia.

(5) - Products and services were delivered and/or performed in Philippines and Malaysia.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****34. OPERATING SEGMENTS (CONT'D)****34.2 GEOGRAPHICAL INFORMATION (CONT'D)**

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 (but including investment in an associate and deferred tax asset).

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Malaysia	8,289	11,151	11,718
Cambodia	6	5	118
Vietnam	-	-	104
	8,295	11,156	11,940

34.3 MAJOR CUSTOMERS

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

	The Group Revenue FYE 31 December 2015 RM	Segments
Customer A	11,945	Hardware and maintenance
	FYE 31 December 2016 RM	
Customer A	12,627	Hardware and maintenance
Customer B	10,714	Hardware and maintenance
	FYE 31 December 2017 RM	
Customer A	9,593	Hardware and maintenance
Customer C	12,898	Hardware, software and maintenance

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risks (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.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of 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 foreign currency. The currencies giving rise to these risks are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). 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:-

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FYE 31 December 2015				
Financial Assets				
Trade receivables	4,092	185	119	4,396
Other receivables and deposits	10	-	-	10
Amount owing by related parties	1,941	-	-	1,941
Cash and bank balances	2,340	2	1	2,343
	8,383	187	120	8,690
Financial Liabilities				
Trade payables	3,923	*	152	4,075
Other payables and accruals	27	-	-	27
Amount owing to related parties	4,420	-	-	4,420
Amount owing to directors	28	-	-	28
	8,398	*	152	8,550
Net financial (liabilities)/assets	(15)	187	(32)	140
Less: Net financial (assets) denominated in the respective entities' functional currencies	(155)	-	-	(155)
Currency Exposure	(170)	187	(32)	(15)

Note:-

* - Amount below RM1,000

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FYE 31 December 2016				
Financial Assets				
Trade receivables	8,625	369	37	9,031
Other receivables and deposits	10	-	-	10
Amount owing by related parties	2,161	-	-	2,161
Cash and bank balances	3,469	1	2	3,472
	<u>14,265</u>	<u>370</u>	<u>39</u>	<u>14,674</u>
Financial Liabilities				
Trade payables	4,027	12	95	4,134
Other payables and accruals	473	-	-	473
Amount owing to related parties	2,168	-	-	2,168
Amount owing to directors	8	-	-	8
	<u>6,676</u>	<u>12</u>	<u>95</u>	<u>6,783</u>
Net financial assets/(liabilities)	7,589	358	(56)	7,891
Less: Net financial (assets) denominated in the respective entities' functional currencies	(430)	-	-	(430)
Currency Exposure	<u>7,159</u>	<u>358</u>	<u>(56)</u>	<u>7,461</u>

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

	USD RM'000	SGD RM'000	Others RM'000	Total RM'000
FYE 31 December 2017				
Financial Assets				
Trade receivables	1,601	118	50	1,769
Other receivables and deposits	95	-	-	95
Amount owing by related parties	43	-	-	43
Cash and bank balances	1,354	71	2	1,427
	3,093	189	52	3,334
Financial Liabilities				
Trade payables	4,065	3	66	4,134
Other payables and accruals	15	-	-	15
	4,080	3	66	4,149
Net financial (liabilities)/assets	(987)	186	(14)	(815)
Less: Net financial (assets) denominated in the respective entities' functional currencies	(505)	-	-	(505)
Currency Exposure	(1,492)	186	(14)	(1,320)

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 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:-

<---FYE 31 December--->

	2015 RM'000	2016 RM'000	2017 RM'000
Effects on PAT			
USD			
- Strengthened by 10%	(17)	716	(149)
- Weakened by 10%	17	(716)	149
SGD			
- Strengthened by 10%	19	36	19
- Weakened by 10%	(19)	(36)	(19)
Others			
- Strengthened by 10%	(3)	(6)	(1)
- Weakened by 10%	3	6	1

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)**(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 interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Notes 15, 16 and 21 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	←—FYE 31 December—→		
	2015	2016	2017
	RM'000	RM'000	RM'000
Effects on PAT			
Increase of 100 basis points	(50)	(101)	(94)
Decrease of 100 basis points	50	101	94

(iii) Equity Price Risk

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

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(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 and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the Group of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee 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's major concentration of credit risk relates to the trade receivables (including amount owing by related parties) at the end of the reporting period is as follows:-

	<-----FYE 31 December----->		
	2015 RM'000	2016 RM'000	2017 RM'000
Number of customers	2	2	2
Major concentration of credit risk	27%	39%	35%

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 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 determines 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 related parties) at the end of the reporting period is as follows:-

	<-----FYE 31 December----->		
	2015	2016	2017
	RM'000	RM'000	RM'000
Malaysia	18,600	18,242	21,206
Singapore	211	467	170
Philippines	60	1,068	92
Indonesia	-	1	384
Vietnam	3,486	2,801	576
Thailand	1,669	1,804	43
Cambodia	*	528	470
Others	491	126	15
	24,517	25,037	22,956

Note:-

* - Amount below RM1,000

(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 statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
FYE 31 December 2015			
Not past due	4,508	-	4,508
Past due:			
- less than 3 months	9,345	-	9,345
- 3 to 6 months	1,683	-	1,683
- over 6 months	2,750	-	2,750
- more than 1 year	6,648	(417)	6,231
	24,934	(417)	24,517
	24,934	(417)	24,517

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

The ageing analysis of trade receivables (including amount owing by related parties) is as follows (Cont'd):-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
FYE 31 December 2016			
Not past due	7,621	-	7,621
Past due:			
- less than 3 months	10,027	-	10,027
- 3 to 6 months	1,610	-	1,610
- over 6 months	1,514	-	1,514
- more than 1 year	5,493	(1,228)	4,265
	26,265	(1,228)	25,037

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
FYE 31 December 2017			
Not past due	12,965	-	12,965
Past due:			
- less than 3 months	7,151	-	7,151
- 3 to 6 months	1,664	-	1,664
- over 6 months	645	-	645
- more than 1 year	1,213	(682)	531
	23,638	(682)	22,956

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those past due and expected to be irrecoverable. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35 FINANCIAL INSTRUMENTS (CONT'D)

351 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):-

	Carrying Amount RM'000	Contractual			
		Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
FYE 31 December 2015					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	15,724	15,724	15,724	-	-
Other payables and accruals	7,883	7,883	7,883	-	-
Amount owing to related parties	6,863	6,863	6,863	-	-
Amount owing to directors	3,264	3,264	3,264	-	-
Bankers' acceptances	230	230	230	-	-
Hire purchase payables	810	949	145	553	251
Term loans	5,028	5,841	697	4,199	945
	39,802	40,754	34,806	4,752	1,196

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Carrying Amount RM'000	Contractual		Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
		Undiscounted Cash Flows RM'000	RM'000			
FYE 31 December 2016						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	7,403	7,403	7,403	-	-	-
Other payables and accruals	8,126	8,126	8,126	-	-	-
Amount owing to related parties	3,027	3,027	3,027	-	-	-
Amount owing to directors	3,930	3,930	3,930	-	-	-
Bankers' acceptances	397	397	397	-	-	-
Hire purchase payables	696	798	136	544	118	
Term loans	10,149	12,514	1,615	7,842	3,057	
	33,728	36,195	24,634	8,386	3,175	

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Carrying Amount RM'000	Contractual Undiscounted Cash Flows		Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
		RM'000	RM'000			
FYE 31 December 2017						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	12,084	12,084	12,084	-	-	-
Other payables and accruals	5,381	5,381	5,381	-	-	-
Amount owing to related parties	49	49	49	-	-	-
Hire purchase payables	828	948	198	742	8	8
Term loans	9,371	11,405	1,555	6,269	3,581	3,581
	27,713	29,867	19,267	7,011	3,589	3,589

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD**NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)****35.2 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 is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

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 borrowings from financial institutions.

There were no changes 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.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

<-----FYE 31 December----->

	2015 RM'000	2016 RM'000	2017 RM'000
Financial Asset			
<u>Loans and receivables financial assets</u>			
Trade receivables	20,532	22,725	22,903
Other receivables and deposits	203	563	249
Amount owing by related parties	4,768	3,167	53
Fixed deposits with licensed banks	1,139	1,727	1,524
Cash and bank balances	14,676	13,916	10,285
	<u>41,318</u>	<u>42,098</u>	<u>35,014</u>
Financial Liability			
<u>Other financial liabilities</u>			
Trade payables	15,724	7,403	12,084
Other payables and accruals	7,883	8,126	5,381
Amount owing to related parties	6,863	3,027	49
Amount owing to directors	3,264	3,930	-
Bankers' acceptances	230	397	-
Hire purchase payables	810	696	828
Term loans	5,028	10,149	9,371
	<u>39,802</u>	<u>33,728</u>	<u>27,713</u>

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group 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.

There is no fair value of financial instruments that are carried at fair value. 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:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
FYE 31 December 2015								
Hire purchase payables	-	-	-	-	804	-	804	810
Term loans	-	-	-	-	5,028	-	5,028	5,028
Bankers' acceptances	-	-	-	-	230	-	230	230
FYE 31 December 2016								
Hire purchase payables	-	-	-	-	690	-	690	696
Term loans	-	-	-	-	10,149	-	10,149	10,149
Bankers' acceptances	-	-	-	-	397	-	397	397

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION (CONT'D)

There is no fair value of financial instruments that are carried at fair value. 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:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
FYE 31 December 2017							RM'000	RM'000
Hire purchase payables	-	-	-	-	794	-	794	828
Term loans	-	-	-	-	9,371	-	9,371	9,371

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****35. FINANCIAL INSTRUMENTS (CONT'D)**

35.4 FAIR VALUE INFORMATION (CONT'D)

The fair value of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<-----FYE 31 December----->		
	2015	2016	2017
	%	%	%
Hire purchase payables	2.70 - 4.95	2.70 - 4.95	2.60 - 4.88
Term loans	4.89 - 5.00	4.50 - 7.67	4.50 - 7.67
Bankers' acceptances	5.71 - 6.61	4.59 - 6.38	-

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced the Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that affected the financial statements of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital; and
- (ii) Ordinary shares ceased to have par value.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to the financial statements.

- (b) On 15 March 2017, the Company invested RM500,000 representing an equity interest of 20% into Symple Apps Sdn. Bhd. which is principally engaged in the provision of mobile application software.
- (c) During the current financial year, RG Malaysia disposed of its entire equity interest in Accurate Computer Solutions for a total cash consideration of RM50,000.
- (d) On 27 June 2017, the Company undertook a share split involving subdivision of every 1 existing ordinary share in the Company into 20 ordinary shares.
- (e) On 28 June 2017, the Company issued a bonus issue of 90,000,000 new shares credited as fully paid up on the basis of 30 bonus shares for every 1 existing share held by the members of the Company.

12. ACCOUNTANTS' REPORT (Cont'd)**RADIANT GLOBALTECH BERHAD****NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS****36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)**

- (f) On 29 June 2017, Radiant Globaltech entered into conditional Share Sale and Purchase Agreements with the Vendors of RG Malaysia, RG Solutions and RG Cambodia respectively:-
- (i) to acquire the entire issued share capital of RG Malaysia of RM1,500,000 comprising 1,500,000 ordinary shares for a purchase consideration of RM14,133,000 which was satisfied by the issuance of 282,660,000 new Shares at an issue price of RM0.05 per Share;
 - (ii) to acquire the entire issued share capital of RG Solutions of RM10,000 comprising 10,000 ordinary shares for a purchase consideration of RM1,073,000 which was satisfied by the issuance of 21,460,000 new Shares at an issue price of RM0.05 per Share; and
 - (iii) to acquire the entire issued and paid-up share capital of RG Cambodia of USD5,000 comprising 1,000 ordinary shares of USD5.00 each for a purchase consideration of RM1 which was satisfied by cash.

The purchase considerations of RG Malaysia, RG Solutions and RG Cambodia were arrived at on a willing-buyer willing-seller basis. The acquisitions of RG Malaysia and RG Solutions were completed on 30 June 2017 and RG Cambodia was completed on 25 August 2017. RG Malaysia, RG Solutions and RG Cambodia became wholly-owned subsidiaries of the Company.

37. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The Company obtained approval from Bursa Malaysia Securities Berhad for the listing and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

12. ACCOUNTANTS' REPORT (Cont'd)

RADIANT GLOBALTECH BERHAD

STATEMENT BY DIRECTORS

We, Yap Ban Foo and Yap Sin Sang, being two of the directors of Radiant Globaltech Berhad, state in the opinion of the directors, the financial statements set out on pages 4 to 87 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines so as to give a true and fair view of the financial position of Radiant Globaltech Berhad as at 31 December 2015, 2016 and 2017 and of their financial performance and cash flows for the financial years ended on that date.

Signed in accordance with a resolution of the directors dated **06 JUN 2018**



Yap Ban Foo



Yap Sin Sang

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL

- (i) No shares will be allotted or issued on the basis of this Prospectus later than six (6) months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely issued ordinary shares, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation.
- (vi) Save as disclosed in Sections 3.1, 5.1.3, 5.2 and 5.3 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.2 EXTRACT OF OUR CONSTITUTION

The following provisions are reproduced from our Company's Constitution which comply with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined herein or the context otherwise requires:-

(1) REMUNERATION, VOTING AND BORROWING POWERS OF DIRECTORS

(i) REMUNERATION OF DIRECTORS

The provisions in our Company's Constitution in respect of the remuneration of Directors are as follows:

Clause 93 - Directors' remuneration

The fees of the directors and any benefits payable to the directors shall from time to time be determined by way of an Ordinary resolution of the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that:

- (a) salaries, benefits and other emoluments payable to Executive Director(s) pursuant to an employment contract or a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or percentage of turnover;

13. ADDITIONAL INFORMATION (Cont'd)

- (b) fees payable to Non-Executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover; and
- (c) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(ii) VOTING AND BORROWING POWERS OF DIRECTORS

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:

Clause 115 – Directors' power to vote

A Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security;
- (c) any contract by a director to subscribe for or underwrite shares or debentures of the Company; or
- (d) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as a holder of shares or other securities in that company.

Clause 114 - Restriction on voting

Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 111 - Votes by majority Directors and Chairman to have casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes of the Directors present and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where at the meeting only two (2) Directors are competent to vote on the question at issue.

Clause 98 - Directors' borrowing powers

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and

13. ADDITIONAL INFORMATION (Cont'd)

other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.

- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(2) CHANGES TO SHARE CAPITAL AND VARIATION OF CLASS RIGHTS

The provisions in our Company's Constitution in respect of the changes to share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 53 - Power to increase capital

The Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 6 - Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, any Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:-

- (a) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;
- (c) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director;
- (d) except in the case of an issue of Securities on a pro-rata basis to all Members, placements undertaken in compliance with the Listing Requirements or issuance pursuant to a dividend reinvestment scheme, there shall be no issue of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the members in general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the Listing Requirements; and

13. ADDITIONAL INFORMATION (Cont'd)

- (e) in the case of shares offered to the public or under a prospectus that is registered under the Capital Markets and Services Act 2007 for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the offer price of the share.

Clause 7 - Rights of preference shareholders

Subject to the Act and the Listing Requirements, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have:

- (a) the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company; and
- (b) the right to vote at any meeting convened for the purpose of reducing the capital of the Company or on a proposal to wind up or during the winding up of the Company, or sanctioning a sale of the whole of the Company's undertaking, property or business, or where any resolution to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares or part of the dividend is in arrears for more than six (6) months.

Clause 9 - Variation of class rights

Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:

- (a) the consent in writing of the holders of not less than seventy five per centum (75%) of the total voting rights of the shareholders in that class; or
- (b) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons holding or representing by proxy not least one-third of the number of the issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

13. ADDITIONAL INFORMATION (Cont'd)**Clause 5 - Class of shares and alteration of share capital**

The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise. The Company shall have the power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.

Clause 56 - Power to alter capital

Subject to the provisions of this Constitution and the Act, the Company may by special resolution: -

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;
- (iii) convert and/or re-classify any class of shares into any other class of shares; or
- (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 57 - Power to reduce capital

The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Act and the Applicable Laws.

(3) TRANSFER OF SECURITIES

The provision in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

Clause 29- Transfer in writing

Subject to this Constitution, the Central Depositories Act and the Rules, any Member may transfer all or any of his Securities (except those Deposited Securities which are for the time being designated as securities in suspense) by instrument in writing in the form prescribed and approved by the Stock Exchange. The instrument shall have been executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the Securities transferred until the transfer is registered and the name of the transferee is entered in the Record of Depositors.

Clause 30 - Transfer of securities

The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Securities.

13. ADDITIONAL INFORMATION (Cont'd)**Clause 31 - No restriction on the transfer of fully paid Securities**

Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

Clause 33 - Suspension of registration

Subject to the provisions of the Act, the Depositories Act, the Rules and the Listing Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in any year. At least ten (10) clear Market Days' notice (or such other period as may from time to time be prescribed by Bursa Securities) prior to such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the period and purpose or purposes of such closure. The Company shall give notice in accordance with the requirements of the Rules to the Depository to prepare the appropriate Record of Depositors.

Clause 35 - Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

13.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names and addresses of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fix it as a requirement in the general meeting.
- (iii) Save as disclosed in Sections 7.1.5 and 7.2.6 of this Prospectus, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) As at the LPD, there is no existing or proposed service agreement contract between our Group, and our Directors or key senior management.
- (v) The details of our Directors' and/or substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in Sections 7.1.2 and 7.2.3 of this Prospectus.
- (vi) Save as disclosed in Section 10 of this Prospectus, none of our Directors and/or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vii) Save for the risk factors and financial information highlighted in Sections 4 and 11 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.

13. ADDITIONAL INFORMATION (Cont'd)

- (viii) Save for our Promoters and/or substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

13.5 GENERAL INFORMATION

- (i) Save as disclosed in Sections 3.6 and 9 of this Prospectus, neither we nor our subsidiaries have acquired or proposed to acquire any property.
- (ii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 7 of the Act are disclosed in Section 5 of this Prospectus.
- (iii) The time of the opening of the IPO is set out in "Indicative Timetable" Section and Section 14 of this Prospectus.
- (iv) The amount payable in full on application is RM0.23 per IPO Share.
- (v) The name and address of the auditors are set out in Section 1 of this Prospectus.
- (vi) Save as disclosed in Section 5.4 of this Prospectus, we have not established any other place of business outside Malaysia, Vietnam and Cambodia.
- (vii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 14 of this Prospectus.

13.6 EXPENSES

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment save as set out in Section 3.7 of this Prospectus.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued share capital on the ACE Market of Bursa Securities amounting to approximately RM3.500 million as set out in Section 3.6 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 11,000,000 Issue Shares at the rate of 1.0% of the IPO Price.

13.7 MATERIAL LITIGATION

As at the LPD, we are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business in the 12 months immediately preceding the date of this Prospectus.

13. ADDITIONAL INFORMATION (Cont'd)**13.8 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:-

- (i) On 9 September 2015, RG Malaysia entered into a sale and purchase agreement with Paramount Properties Sdn Bhd for the purchase of the Unit 03-06, Level 3, Tower B Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, measuring 2,362 square feet, held under Master Title PN 46338 Lot 58190 Mukim and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a purchase consideration of RM2,587,660.00, payable in cash. The completion date of the sale and purchase agreement was 8 December 2015;
- (ii) On 9 September 2015, RG Malaysia entered into a sale and purchase agreement with Paramount Properties Sdn Bhd for the purchase of the Unit 03-07, Level 3, Tower B Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, measuring 939 square feet, held under Master Title PN 46338 Lot 58190 Mukim and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a purchase consideration of RM1,115,300.20, payable in cash. The completion date of the sale and purchase agreement was 8 December 2015;
- (iii) On 29 June 2016, Radiant Globaltech entered into a sale and purchase agreement with Paramount Properties Sdn Bhd for the purchase of the Unit 03-08, Level 3, Tower B Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, measuring 2659 square feet, held under Master Title PN 46338 Lot 58190 Mukim and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a purchase consideration of RM3,227,488.00, payable in cash. The completion date of the sale and purchase agreement was 28 September 2016;
- (iv) On 15 March 2017, Radiant Globaltech entered into a Joint Venture Cum Shareholders Agreement with Incredible QR Sdn Bhd and Symple Apps for the purpose of developing and carrying on the business of programming and developing mobile application software for commercialization under Symple Apps. The Joint Venture cum Shareholders Agreement was entered into, amongst others, for Radiant Globaltech to subscribe for 500,000 ordinary shares in Symple Apps representing 20% of the shareholdings in Symple Apps and to regulate the shareholders' rights, obligations and liabilities in Symple Apps;
- (v) On 29 June 2017, Radiant Globaltech entered into a share sale agreement with:
 - (a) the vendors of RG Malaysia, namely Yap Ban Foo, Yap Sin Sang, Yap Poh Keong and Tan Chuan Hock for the acquisition by Radiant Globaltech of the entire share capital of RG Malaysia amounting to RM1,500,000 comprising 1,500,000 ordinary shares for a purchase consideration of RM14,133,000 to be satisfied by the issuance of 282,660,000 Radiant Globaltech Shares. The transaction was completed on 30 June 2017;
 - (b) the vendors of RG Solutions, namely Yap Ban Foo, Yap Sin Sang, Yap Poh Keong and Tan Chuan Hock for the acquisition by Radiant Globaltech of the entire share capital of RG Solutions amounting to RM10,000 comprising 10,000 ordinary shares for a purchase consideration of RM1,073,000 to be satisfied by the issuance of 21,460,000 Radiant Globaltech Shares. The transaction was completed on 30 June 2017;
 - (c) the vendor of RG Cambodia, namely Yap Ban Foo for the acquisition by Radiant Globaltech of the entire share capital of RG Cambodia amounting to 20,000,000 Riels comprising of 1,000 ordinary shares of 20,000 Riels each in RG Cambodia for a purchase consideration of RM1.00 to be satisfied by cash. The transaction was completed on 25 August 2017;

13. ADDITIONAL INFORMATION (Cont'd)

- (vi) On 23 December 2016, RG Vietnam entered into a deed of assignment with Ideasoftware Solutions for the assignment from Ideasoftware Solution in its capacity as copyright owner to RG Vietnam of all the property, rights, title and interest in the copyright and all other intellectual property rights that subsist in the Ideasoftware software for a consideration of RM1.00; and
- (vii) On 7 June 2018, our Company entered into an Underwriting Agreement with the Sole Underwriter for the underwriting of 32,100,000 Issue Shares under the Public Issue, for the underwriting commission at the rate set out in Section 3.7.2 of this Prospectus.

13.9 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:-

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

13.10 REPATRIATION OF CAPITAL AND PROFITS

- (i) The Kingdom of Cambodia has no significant exchange controls on repatriation of capital and profits. In general, the profits generated from our subsidiary, RG Cambodia can be repatriated without restriction after payment of relevant taxes due.

The relevant laws in this regard are laid down in the Law on foreign exchanges 1997 and Law on taxation 2003.

(a) Repatriation of capital

Foreign equity capital invested in RG Cambodia can be repatriated after payment of taxes due on RG Cambodia. Any sale of shares in RG Cambodia is subject to the approval of Ministry of Commerce of the Kingdom of Cambodia.

In the event of liquidation (winding up) of RG Cambodia, the winding up proceeds can be repatriated out of the Kingdom of Cambodia and subject to the necessary declarations to the relevant authorities including the National Bank of Kingdom of Cambodia, no prior approval is required for the same. Such payment will be subjected to applicable taxes in the Kingdom of Cambodia.

(b) Remittance of profits

Dividends can be freely repatriated from the Kingdom of Cambodia upon payment of the applicable taxes in the Kingdom of Cambodia including withholding tax, for which a flat rate fourteen percent (14%) is applicable to payments of dividends by RG Cambodia to Radiant Globaltech pursuant to the Law on taxation 2003.

- (ii) As at the LPD, save as set out below, there are no governmental laws, decrees, regulations or other requirements which may affect the repatriation of capital and the remittance of profit of our Vietnam subsidiary, RG Vietnam, to Malaysia:

- (a) Under the laws of Vietnam, the capital and / or profits of a corporation incorporated in Vietnam may be repatriated and / or remitted to its foreign investor in the following manner:-

- (1) Capital reduction under Article 87.1 of the Law on Enterprises 2014;

13. ADDITIONAL INFORMATION (Cont'd)

- (2) Distribution of capital and profits on a winding-up in accordance with Article 202.6 of the Law on Enterprises 2014 and Article 26.3 of RG Vietnam's Charter; and
 - (3) Declaration and payment of dividend / profit in accordance with Articles 75.1(l) and 76.6 of Law on Enterprises 2014 and Articles 9.4, 10.2 and 16 of RG Vietnam's Charter.
- (b) The laws of Vietnam also provides that the matters mentioned in Section 13.10(ii)(a)(3) of this Prospectus above shall be subject to the following:-
- (1) The corporation may distribute profit to its owner only when it generates profit from its business and have fulfilled the tax obligations and other financial obligations in accordance with the law, and must ensure that due debts and other property obligations are able to be paid in full after distribution of profit;
 - (2) Foreign investors shall be permitted to remit profit overseas annually or on termination of its direct investment activities after the corporation has fully discharged its financial obligations (such as tax and insurance payment) to the State of Vietnam in accordance with the law and have lodged the audited financial statements and corporate income tax finalisation declaration with the tax authority; and
 - (3) The corporation must send a report to the tax authority at least seven days before implementation under Article 5 of Circular No.186/2010/TT-BTC dated 18 November 2010 of the Ministry of Finance, guiding the remittance abroad of profits earned by foreign investors from their direct investment in Vietnam under the Investment Law.

13.11 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretary for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn;
- (ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn; and
- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Industry Overview in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

13.12 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:-

- (i) Our Constitution;
- (ii) The Industry Overview referred to in Section 6 of this Prospectus;
- (iii) The Accountants' Report as included in Section 12 of this Prospectus;

13. ADDITIONAL INFORMATION (Cont'd)

- (iv) The Reporting Accountants' Report relating to the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 December 2017 referred to in Section 11.3 of this Prospectus;
- (v) The material contracts referred to in Section 13.8 of this Prospectus;
- (vi) The letters of consent referred to in Section 13.11 of this Prospectus;
- (vii) The Independent Market Research Report; and
- (viii) The audited financial statements of:-
 - (a) Radiant Globaltech for the FYE 31 December 2015 to 2017;
 - (b) RG Malaysia for the FYE 31 December 2015 to 2017;
 - (c) RG Solutions for the FYE 31 December 2015 to 2017;
 - (d) RG Cambodia for the FYE 31 December 2015 to 2017;
 - (e) RG Vietnam for the FYE 31 December 2015 to 2017; and
 - (f) Symple Apps for the FYE 31 December 2017.

13.13 RESPONSIBILITY STATEMENTS

- (i) AIBB acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the IPO; and
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offerors, and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT MIH FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD:- 10.00 A.M., 28 June 2018

CLOSING OF THE APPLICATION PERIOD:- 5.00 P.M., 10 July 2018

Applications for the Issue Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

14.2.1 Application for our Issue Shares by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by eligible Directors and employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:-	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**14.2.2 Application by selected investors via Placement**

Types of Application	Application Method
Applications by:-	
Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

14.3 ELIGIBILITY**14.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

14.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:-

- (i) You must be one of the following:-
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of MIH or an immediate family member of a director or employee of MIH; and

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) You must submit Applications by using only one of the following methods:-
- (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

14.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, MIH, AIBB, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.23 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NUMBER 591**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:-

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Malaysian Issuing House, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on **10 July 2018**.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

We, together with MIH, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to MIH.

14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CIMB Investment Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

14.7 AUTHORITY OF OUR BOARD AND MIH

MIH, on the authority of our Board reserves the right to:--

- (i) reject Applications which:--
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.8 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

14.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, MIH will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by MIH to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on MIH's website (www.mih.com.my) within one (1) business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 3.1.3 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

14.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

14.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by MIH as per items (i) and (ii) above (as the case may be).
- (iv) MIH reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

14.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) MIH shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from MIH.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by MIH by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from MIH.

14.10 SUCCESSFUL APPLICANTS

If you are successful in your application:--

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

14.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:-

Mode of application	Parties to direct the enquiries
Application Form	MIH Enquiry Services Telephone at telephone no. 03-78418289
Electronic Application	Share Participating Financial Institution
Internet Application	Share Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.