

GRAND-FLO SOLUTION BERHAD (“GRAND-FLO” OR “COMPANY”)

PROPOSED ACQUISITION BY SIMAT TECHNOLOGIES PUBLIC COMPANY LIMITED (“SIMAT”), A 36.75%-OWNED ASSOCIATE COMPANY OF GRAND-FLO IN THAILAND, TO ACQUIRE 2,400,000 ORDINARY SHARES OF RM1.00 IN E-TECH IT SDN BHD (“E-TECH”), REPRESENTING 60% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF E-TECH, FOR A CASH CONSIDERATION OF RM6,600,000.00 (“PURCHASE CONSIDERATION”) PAYABLE IN THREE (3) TRANCHES (“PROPOSED ACQUISITION”)

1. INTRODUCTION

The Board of Directors of Grand-Flo (“Board”) is pleased to announce that Grand-Flo’s associate company, Simat, has on 13 August 2009 entered into a Share Acquisition Agreement with Low Kean Huat, Ling Chee Kiat and Wong Teck Wai to acquire the 2,400,000 ordinary shares of RM1.00 each in E-Tech, representing 60% of the total issued and paid-up share capital of E-Tech, from Low Kean Huat and Ling Chee Kiat for a cash consideration of RM6,600,000.00, payable in three (3) tranches.

2. BACKGROUND INFORMATION ON THE PROPOSED ACQUISITION

E-Tech, a private limited company incorporated in Malaysia under the Companies Act 1965, is principally an integrated information technology (“IT”) solution provider specializing in comprehensive end to end services specifically in hardware and software solutions, including Point Of Sales (“POS”) systems and distributor for well renown brands such as IBM and Lenovo.

E-Tech also holds 60% equity interest in E-Tech IT Solution Pte Ltd and 40% equity interest in Zeal Systems Sdn Bhd as at the date of this Announcement.

3. PROFIT GUARANTEE AND SETTLEMENT OF THE PURCHASE CONSIDERATION

Under the terms of the sale and purchase agreement, E-Tech would provide a profit after tax guarantee of RM 4 million over a two year period. The acquisition will be funded by a cash payment of RM6.6 million over the two year profit guarantee period; funded by internally generated funds from Simat.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition presents Grand-Flo and its subsidiaries and associated companies (“Grand-Flo Group” or the “Group”) with huge cross-marketing opportunities, where we can now offer IT infrastructure and POS systems together with our tracking solutions which bring us closer to our vision of being a one-stop solution provider.

The Board of Directors of Grand-Flo (the “Board”) believes that E-Tech will add its industry expertise and established product portfolio into Grand-Flo’s existing business. This will enable the Group to leverage on the combined experience and bring higher value-added solutions to our customers. Therefore, we believe that the inclusion of E-Tech into the Grand-Flo Group will bring synergistic growth in many ways.

Specifically for Simat, who is already in the provision of IT solutions besides Enterprise Data Collection and Collation System (EDCCS) in Thailand, the Proposed Acquisition will strengthen and expand its existing IT solutions business both in Thailand and Vietnam through its associate, Sino Company Limited as the IT solutions and POS systems further complements its existing tracking solutions business.

The Proposed Acquisition is expected to contribute positively to the future earnings of the Group.

- 5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**
None of the Directors and/or substantial shareholders of Grand-Flo and persons connected to them, insofar as the Directors and substantial shareholders are able to ascertain and are aware, have any interest, direct or indirect, in the Proposed Acquisition.

- 6. ESTIMATED TIME FRAME FOR COMPLETION**
Pending Simat's shareholders' approval and barring any unforeseen circumstances, the Board expects the Proposed Acquisition to be completed by the first (1st) quarter of 2010.

This announcement is dated 13 August 2009.