# NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SUNVIEW GROUP BERHAD ("SUNVIEW" OR "COMPANY") DATED 23 SEPTEMBER 2022 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

#### Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("Bursa Securities") website at www.bursamalaysia.com ("Website").

# **Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Alliance Islamic Bank Berhad ("AIS") or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

#### **Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, AIS and Sunview have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

#### **Close of Application**

Applications for the IPO Shares will be accepted from 10.00 a.m. on 23 September 2022 and will close at 5.00 p.m. on 30 September 2022. Any change to the timetable will be advertised by Sunview in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

#### Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



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01-9, 9th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor **TEL:** +603-7660 7628









# PROSPECTUS

# **SUNVIEW GROUP BERHAD**

(Registration No. 202101019497 (1419797-M)) (Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF SUNVIEW GROUP BERHAD ("SUNVIEW" OR THE "COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING PUBLIC ISSUE OF 118,000,000 NEW ORDINARY SHARES IN SUNVIEW ("SHARES") IN THE FOLLOWING MANNER:

- 23,600,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 9,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 85,400,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE
  PLACEMENT TO SELECTED INVESTORS

AT AN IPO PRICE OF RMO.29 PER SHARE, PAYABLE IN FULL UPON APPLICATION.



Principal Adviser, Sponsor, Sole Underwriter and Placement Agent



INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 190.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF OUR IPO AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

#### RESPONSIBILITY STATEMENTS

Our Directors and Promoters (as defined in this Prospectus) have seen and approved this Prospectus. 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, they confirm that there is no false or misleading statement or other facts, which if omitted, would make any statement in the Prospectus false or misleading.

Alliance Islamic Bank Berhad, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, 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 concerning the offering.

#### STATEMENTS OF DISCLAIMER

Approval has been granted by Bursa Securities for the listing of and quotation for the securities being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the offering, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our Company's part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Forms (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

#### **OTHER STATEMENTS**

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("CMSA") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our IPO shares are issued in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subjected to the laws of any countries or jurisdictions other than Malaysia, to consult your professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

#### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at <a href="https://www.bursamalaysia.com">www.bursamalaysia.com</a>. The contents of the Electronic Prospectus (as defined in this Prospectus) and the copy of this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined in this Prospectus) is subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House (as defined in this Prospectus), a paper / printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus, which is identical to the copy of the Prospectus registered by Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites or for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

(iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software;
- (ii) the Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and / or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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Registration No. 202101019497 (1419797-M)

# INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event(s)	Tentative Date(s)
Opening of the application period for the IPO	23 September 2022
Closing of the application period for the IPO	30 September 2022
Balloting of applications	4 October 2022
Allotment of IPO Shares to successful applicants	13 October 2022
Listing on the ACE Market	17 October 2022

In the event there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia.

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#### **DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

#### **COMPANIES WITHIN OUR GROUP**

**Fabulous Sunview** : Fabulous Sunview Sdn Bhd (201301006831 (1036671-H))

Solarcity REIT : Solarcity REIT Sdn Bhd (201901033470 (1342800-D))

**Solare Truss** : Solare Truss Sdn Bhd (201401022289 (1098375-M))

Suntech Energy : Suntech Energy Sdn Bhd (201301028089 (1057919-A))

Sunview or Company : Sunview Group Berhad (202101019497 (1419797-M))

Sunview Group or Group Sunview and its subsidiaries, collectively

Vafe System : Vafe System Sdn Bhd (201401048114 (1124303-W))

**GENERAL** 

ACE Market : ACE Market of Bursa Securities

**Acquisition of Fabulous** 

Sunview

: Acquisition by Sunview of the entire issued share capital of Fabulous Sunview of RM40,249,437.24 comprising 1,661,274 ordinary shares from the Fabulous Sunview Vendors for a purchase consideration of RM49,000,000, which was entirely satisfied by the allotment and issuance of 349,999,998 new Shares at an issue price of RM0.14 each. The Acquisition of Fabulous Sunview was completed on 29 July 2022

Act Companies Act 2016

**ADA** : Authorised Depository Agent

**AGM Annual General Meeting** 

AIS or Principal Adviser or Sponsor or Sole Underwriter

or Placement Agent

: Alliance Islamic Bank Berhad (200701018870 (776882-V))

**A00** Acquire-Own-Operate

Application(s) The application(s) for the IPO Shares by way of Application Form,

Electronic Share Application and / or Internet Share Application

Application Form(s) : The printed application form(s) for the application of the IPO Shares

**ATM Automated Teller Machine** 

**Authorised Financial** 

Institution

: Authorised financial institution participating in the Internet Share

Application in respect of the payment for our IPO Shares

**Basil Power** : Basil Power Sdn Bhd (202001031359 (1387679-W))

: Board of Directors of Sunview **Board** 

**BOO** Build-Own-Operate

**BOOT** Build-Own-Operate-Transfer

**BIPV Building Integrated Photovoltaic** 

Bursa Depository : Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))

Bursa Securities : Bursa Malaysia Securities Berhad (200301033577 (635998-W))

CDS : Central Depository System

CDS Account(s) : Account(s) established for a Depositor by Bursa Depository for the

recording of deposits or withdrawals of securities and for dealings in

such securities by the Depositor

CEO : Chief Executive Officer

CF / CCC : Certificate of fitness for occupation / Certificate of completion and

compliance

CFO : Chief Financial Officer

CMCO : Conditional MCO imposed by the Government under the Prevention

and Control of Infectious Diseases Act 1988 and the Police Act 1967

as a measure to contain the outbreak of COVID-19 pandemic

CMSA : Capital Markets and Services Act 2007

Constitution : The constitution of Sunview

COO : Chief Operating Officer

COVID-19 : Novel coronavirus disease, an infectious respiratory disease which first

broke out in 2019

CPDO : Chief Project Development Officer

**Depositor** : A holder of a CDS Account

Director(s) : Director(s) of our Company and within the meaning given in Section 2

of the CMSA

Disposal by Basil Power : Part disposal of 40,734,934 Sunview Shares received by Basil Power

from the Acquisition of Fabulous Sunview to Ong Hang Ping and Chow

Kian Hung, during the Prescribed Period

EIS : Employment Insurance System

Electronic Prospectus : A copy of this Prospectus that is issued, circulated or disseminated via

the Internet, and / or an electronic storage medium, including but not

limited to CD-ROMs (compact disc read-only memory)

Electronic Share Application : An application for the IPO Shares through Participating Financial

Institutions' ATM

Eligible Person(s) : Eligible Director(s), employees and persons who have contributed to

the success of our Group, as further detailed in Section 4.1.2(b)(ii) of

this Prospectus

**EMCO** : Enhanced MCO imposed by the Government under the Prevention and

Control of Infectious Diseases Act 1988 and the Police Act 1967 as a

measure to contain the outbreak of COVID-19 pandemic

EOT : Extension of Time

**EPCC** Engineering, procurement, construction and commissioning

**EPF Employees Provident Fund** 

**EPS** Earnings per share

: Evergreen Credit Express Sdn Bhd (199501002557 (331751-K)) **Evergreen Credit** 

**Fabulous Sunview Vendors** Collectively, NEC, Stellar One, Pre-IPO Investors (save for Khoo Kah

Kheng) and Basil Power in relation to the Acquisition of Fabulous

Sunview

Fabulous Sunview Share(s) : Ordinary share(s) in Fabulous Sunview

**FIHB** : Federal International Holdings Berhad (198301001857 (97092-W))

Financial Years Under Review : FYE 2019, FYE 2020, FYE 2021 and FYE 2022, collectively

**FMCO** : Full lockdown MCO imposed by the Government under the Prevention

and Control of Infectious Diseases Act 1988 and the Police Act 1967

as a measure to contain the outbreak of COVID-19 pandemic

**FPE** : Financial period ended

**FYE** : Financial year ended / ending 31 March, as the case may be

Government Government of Malaysia

**GP** Gross profit

HR Human resources

**ICPS** : Irredeemable convertible preference shares in Fabulous Sunview

**ICPS Conversion** : Conversion of 450,704 ICPS by Basil Power into 450,704 Fabulous

> Sunview Shares upon the receipt of approval of Bursa Securities for the Listing, but before the completion of the Acquisition of Fabulous Sunview. The ICPS Conversion was completed on 22 July 2022

: Industry Overview titled "Independent Assessment of the Solar **Industry Overview** 

Photovoltaic Industry in Malaysia" prepared by Vital Factor as set out

in Section 7 of this Prospectus

Internet Participating

Financial Institution(s)

: Participating financial institution(s) for the Internet Share Application,

as listed in Section 14 of this Prospectus

**Internet Share Application** : Application for the IPO Shares through an online share application

service provided by the Internet Participating Financial Institution(s)

**IPO** Initial public offering of the IPO Shares in conjunction with the listing of

and quotation for our entire enlarged issued share capital on the ACE

Market

**IPO Price** : The price of RM0.29 per IPO Share

IPO Share(s) : 118,000,000 new Shares, representing approximately 25.21% of our

enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus Registration No. 202101019497 (1419797-M)

**DEFINITIONS (CONT'D)** 

IRB : Inland Revenue Board of Malaysia

Issuing House or MIH : Malaysian Issuing House Sdn Bhd (199301003608 (258345-X))

IT : Information technology

LAD : Liquidated Ascertained Damages

LAT : Loss after taxation

LBT : Loss before taxation

Listing : The admission of Sunview to the Official List of Bursa Securities and

the listing of and quotation for our entire enlarged issued share capital of RM83,220,002 comprising 468,000,000 Shares on the ACE Market

Listing Requirements : ACE Market Listing Requirements of Bursa Securities

Listing Scheme : Comprising the ICPS Conversion, Acquisition of Fabulous Sunview,

Public Issue, Disposal by Basil Power and Listing, collectively

LPD : 30 August 2022, being the latest practicable date prior to the issuance

of this Prospectus

LPS : Loss per share

Malaysian Public : Malaysian citizens and companies, societies, co-operatives and

institutions incorporated or organised under the laws of Malaysia

Market Day(s) : Any day(s) on which Bursa Securities is open for trading of securities

MAVCAP : Malaysia Venture Capital Management Berhad

M&E : Mechanical and electrical

MCO : Nationwide Movement Control Order imposed by the Government

under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic. The MCO was first implemented on 18 March 2020 and unless otherwise specified, references to MCO in this Prospectus

includes all the subsequent stages of MCO

MITI : Ministry of International Trade and Industry of Malaysia

MoF Inc. : Minister of Finance Incorporated, a body corporate established under

the Minister of Finance (Incorporation) Act 1957

N/A : Not applicable or not available

NA : Net assets

NBV : Net book value

NEC : New Energy Capital Sdn Bhd (202101005543 (1405842-W))

NRP : National Recovery Plan

NTP : Notice to proceed

O&M : Operations and maintenance

Official List : A list specifying all securities which have been admitted for listing on

the ACE Market and have not been removed

**Participating Financial** 

Institution(s)

: Participating financial institution(s) for the Electronic Share Application,

as listed in Section 14 of this Prospectus

PAT : Profit after taxation

PBT : Profit before taxation

PE Multiple : Price earnings multiple

Pink Form Allocation : The allocation of 9,000,000 IPO Shares to our eligible Directors,

employees and persons who have contributed to the success of our

Group pursuant to the Public Issue

PPA : Power purchase agreement

Pre-IPO Fund Raising : Issuance of 365,500 new ordinary shares by Fabulous Sunview to the

Pre-IPO Investors at an issue price of RM60.19 each. The Pre-IPO Fund Raising was completed in 2 tranches on 30 September 2021 and 7

October 2021

Pre-IPO Investors : Khoo Kah Kheng, Ng Chee Yee, Evergreen Credit, FIHB, Oon Jin

Hsiong and Soh Kah Woi, collectively

Prescribed Period : 1 day after the launching date of the Prospectus up to a period of 30

days

Prescribed Security : Securities of a company that are prescribed by Bursa Securities to be

deposited in the CDS subject to the provision of the SICDA and the

Rules

Promoter(s) or Specified

Shareholder(s)

: NEC, Ong Hang Ping and Chow Kian Hung

Prospectus : This Prospectus dated 23 September 2022 in relation to the IPO

Prospectus Guidelines : Prospectus Guidelines issued by the SC

Public Issue : Public issue of 118,000,000 new Shares at the IPO Price comprising:

(a) 23,600,000 new Shares, representing 5.04% of our enlarged issued share capital, made available for application by the

Malaysian Public;

(b) 9,000,000 new Shares, representing 1.92% of our enlarged issued share capital, made available for application by the Eligible

Persons; and

(c) 85,400,000 new Shares, representing 18.25% of our enlarged issued share capital, made available by way of private placement

to selected investors

R&D : Research and development

RCPS : Redeemable convertible preference shares in Fabulous Sunview

RCPS Redemption : Redemption of 450,704 RCPS by Fabulous Sunview via a fresh

issuance of 450,704 ICPS to Basil Power. The RCPS Redemption was

completed on 29 November 2021

REPPA : Renewable energy power purchase agreement

RM and sen : Ringgit Malaysia and sen respectively

RMCO : Recovery MCO imposed by the Government under the Prevention and

Control of Infectious Diseases Act 1988 and the Police Act 1967 as a

measure to contain the outbreak of COVID-19 pandemic

Rules : Rules of Bursa Depository, as may be amended from time to time

SAC : Shariah Advisory Council of the SC

SC : Securities Commission Malaysia

SEDA : Sustainable Energy Development Authority

Share Transfer to NEC : Transfer of 793,071 Fabulous Sunview Shares by Ong Hang Ping,

Chow Kian Hung and Khoo Kah Kheng to NEC, an investment holding company held by them, subsequent to the completion of the Pre-IPO Fund Raising. The Share Transfer to NEC was completed on 11

January 2022

SICDA : Securities Industry (Central Depositories) Act 1991

SOCSO : Social Security Organisation, also known as PERKESO (Pertubuhan

Keselamatan Sosial)

SOP(s) : Standard operating procedure(s)

sq. ft. : Square feet

sq. m. : Square metres

Stellar One : Stellar One Sdn Bhd (201901007578 (1316905-K))

Sunview Share(s) or Share(s) : Ordinary shares in Sunview

TNB : Tenaga Nasional Berhad

Underwriting Agreement : The underwriting agreement dated 1 September 2022 entered into

between our Company and AIS pursuant to our IPO

Vital Factor or IMR : Vital Factor Consulting Sdn Bhd (199301012059 (266797-T)), an

independent business and market research consulting company

VWAP : Volume weighted average market price

#### **PROJECTS**

#### **Project Name**

## **Brief descriptions**

# 1.37 MWp Rooftop Solar PV Facility Johor Bahru Project

Refers to the construction and installation of rooftop solar PV facility with a capacity of 1.37 MWp under the Net Offset Virtual Aggregates (NOVA) programme in Johor Bahru, Johor. The contract from the customer was dated 17 May 2021

# Cenergi Inokom 1.21 MWp Rooftop Solar PV Facility Padang Serai Project

Refers to the EPCC of rooftop solar PV facility with a capacity of 1.21 MWp under the NOVA programme in Padang Serai, Kedah. The contract from the customer was dated 23 April 2020

# Gsparx Wipro Unza 0.49 MWp Rooftop Solar PV Facility Subang Project

Refers to the EPCC of rooftop solar PV facility with a capacity of 0.49 MWp under the NEM and SELCO programme in Subang Jaya, Selangor. The contract from the customer was dated 23 March 2021

# Industrial 1.01 MWp Rooftop Solar PV Facility Klang Project

Refers to the EPCC of rooftop solar PV facility with a capacity of 1.01 MWp under the SELCO programme in Klang, Selangor. The contract from the customer was dated 16 December 2020

# Malakoff Aeon 2.11 MWp Rooftop Solar PV Facility Cheras Project

: Refers to the EPCC of rooftop solar PV facility with a capacity of 2.11 MWp under the SELCO programme in Cheras, Kuala Lumpur. The contract from the customer was dated 23 June 2021

# MSR 29.92 MWac LSS 2 PV Plant Gebeng Project

: Refers to the construction and installation of solar PV plant with a capacity of 29.92 MWac under the LSS 2 programme. This utility-scale solar PV plant is a ground mounted solar PV facility in Gebeng, Pahang. The work order from the customer was dated 2 January 2019

# MSR 29.99 MWac LSS 2 PV Plant Paka Project

: Refers to the construction and installation of solar PV plant with a capacity of 29.99 MWac under the LSS 2 programme. This utility-scale solar PV plant is a ground mounted solar PV facility in Paka, Terengganu. The work order from the customer was dated 15 July 2019

# Scatec 30.00 MWac LSS 2 PV Plant Kerian Project

Refers to the construction and installation of solar PV plant with a capacity of 30.00 MWac under the LSS 2 programme. This utility-scale solar PV plant is a ground mounted solar PV facility in Kerian, Perak. The contract from the customer was dated 14 August 2019

# Sinohydro 100.00 MWac LSS 3 PV Plant Marang Project

Refer to the construction and installation of solar PV plant with a capacity of 100.00 MWac under the LSS 3 programme. This utility-scale solar PV plant is a ground mounted solar PV facility in Marang, Terengganu. The two contracts from the customer were dated 19 June 2021 and 3 August 2021, respectively

# Solar Greencells 30.00 MWac LSS 2 PV Plant Pekan Project

Refer to the construction and installation of solar PV plant with a capacity of 30.00 MWac under the LSS 2 programme. This utility-scale solar PV plant is a ground mounted solar PV facility in Pekan, Pahang. The contract from the customer was dated 3 March 2020

#### **SOLAR PV FACILITY ASSETS**

### **Project Name**

# **Brief descriptions**

Kinta 1.00 MWp Rooftop Solar PV Facility Refers to the solar PV facility owned by our Group with a capacity of 1.00 MWp under the FiT programme. This facility is a rooftop solar PV facility in Kinta, Perak to supply electricity to the TNB under the 21 years PPA. We entered into a REPPA with TNB on 26 July 2016

Alma 1.00 MWp Rooftop Solar :

**PV Facility** 

Refers to the solar PV facility owned by our Group with a capacity of 1.00 MWp under the FiT programme. This facility is a rooftop solar PV facility in Bukit Mertajam, Pulai Pinang to supply electricity to the TNB under the 21 years PPA. We entered into a REPPA with TNB on 26 July 2016

Nilai 1.00 MWp Rooftop Solar : PV Facility

Refers to the solar PV facility owned by our Group with a capacity of 1.00 MWp under the FiT programme. This facility is a rooftop solar PV facility in Nilai, Negeri Sembilan to supply electricity to the TNB under the 21 years PPA. We entered into a REPPA with TNB on 23 October 2014

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#### **GLOSSARY OF TECHNICAL TERMS**

The following technical terms in this Prospectus bear the same meanings as set out below unless the terms are defined otherwise or the context requires otherwise:

#### Alternating current (AC)

Refers to an electric current that reverses direction periodically. The electricity flows from the negative terminal through the circuit and back to the positive terminal, and then reverses and flows in the opposite direction. Electricity that is delivered through the power grid to users is AC, and it is the form of electricity that is commonly used by most electrical appliances, machineries and equipment.

#### As-built documents

The final technical design, specifications and drawing plans and documents for the construction of the solar PV facility. This set of documents are used as the reference point to ensure that the physical construction and installation is done according to plans.

# **Balance of system**

The balance of system comprises all of the sub-systems, equipment and components of a solar PV facility other than the solar PV modules.

For solar PV systems that are connected to the power grid, balance of system mainly includes, among others, mounting systems, inverters, combiner boxes, cabling and wiring, electricity metering devices, and electrical distribution, protection and control devices.

For solar PV power plants, balance of system mainly includes, among others, mounting systems, inverters, transformers, switchgears, substations, combiner boxes, AC isolators, DC isolators, electricity generating meters, electrical distribution, protection and control devices, cabling and wiring, power management systems, SCADA systems, monitoring and control centre, and interconnection to the power grid substation.

Where relevant, balance of system may include batteries and charge controllers, and auxiliary power source such as diesel power generation set.

# Bi-directional energy meter

A device used in grid-connected solar PV facilities to monitor and record the quantity of electricity drawn from the power grid, as well as supplied to the power grid.

# Commercial electricity meter

A device used in solar PV facilities to monitor the quantity of electricity in AC that is supplied to the power grid.

### Direct current (DC)

Refers to the flow of electricity in one direction only, namely from the negative terminal through the circuit and back to the positive terminal. Electricity generated by solar PV modules is DC. DC has to be converted into AC by an inverter before it can be used by most electrical appliances, machineries and equipment, or transmitted and distributed over the power grid.

#### **Electricity**

Electricity is a secondary energy source derived from electromagnetism, one of the natural forces. As a secondary energy source, the generation of electricity relies on primary energy sources such as fossil fuels, hydropower, radioactive materials, solar, wind, current and wave.

In the context of this Prospectus, electricity is used interchangeably with power.

# Electricity generation meter

A device used to monitor the quantity of electricity generated by a solar PV facility.

Electricity meter : A device to monitor the flow of electricity. Examples of electricity meters

used include bi-directional energy meters, commercial electricity

meters and electricity generation meters.

Feed-in-tariff (FiT) : Refers to the rate in RM/kWh, and is a mechanism under the National

Renewable Energy Policy and Action Plan and Renewable Energy Act 2011 of Malaysia, that allows electricity produced from indigenous renewable resources to be sold to power utility companies at a fixed rate

for a specific duration.

In Malaysia, FiT system obliges the distribution licensees, including TNB and Sabah Electricity Sdn Bhd, to buy electricity generated from renewable resources produced by Feed-in Approval Holders (FiAH) at a pre-determined rate for a specific duration. This policy was first implemented in 2011. Under this programme, there was no new quota allocated for solar PV since 2017 with the exception of 5.00 MW under

the community category.

Grid : Used synonymously with power grid. Refer to the description of power

grid.

Grid-connected solar PV

facility

Refers to a solar PV facility that is connected to the power grid. Such a facility can draw electricity from the grid when consumption exceeds

electricity generated by the solar PV facility, and supply electricity to the grid when electricity generated by the solar PV facility exceeds

consumption.

Ground mounted : Refers to solar PV facility where the solar PV modules and/or arrays

are mainly installed on the ground.

Interconnection or Grid

interconnection

Refers to where a solar PV facility is connected to the power grid, normally where the tie-in is within the premises of the building or

structure. In the case of a solar PV power plant, the interconnection includes power cables connecting the solar PV power plant to a

transmission or distribution substation within a power grid.

**Inverter** : A device that converts DC into AC.

Internet of Things (IoT) : A general term where sensors and other components which incorporate

wireless communication capabilities are attached onto various objects such as devices and equipment in a solar PV facility. The IoT device is able to communicate with base stations, other devices or other sensors or receivers through one or more networks. IoT devices include

wearables, smart phones, meters and instrumentation sensors.

Kilowatt (kW) : Equals to 1,000 watts.

Kilowatt-hour (kWh) : A unit of measure of electricity energy where 1 kWh is equivalent to

1,000 watts of power generated or consumed for 1 hour.

Kilowatt peak (kWp) : Refers to the unit of measurement in kilowatts to express the maximum

DC output from the total number of solar PV modules within a solar PV

facility.

Large Scale Solar (LSS) : A programme introduced by the Energy Commission Malaysia involving

the implementation of solar PV power plant with an installed generating capacity of 1.00 MWac or more. The solar PV power plants are connected to the power grid in Peninsular Malaysia, Labuan and Sabah. This programme includes the LSS 1, LSS 2, LSS 3 and LSS 4 but excludes LSS fast track which refers to pioneer projects awarded without competitive bidding to evaluate the effectiveness of the

construction of solar PV power plants.

LSS PV plant : LSS PV plant refers to large scale solar plant which is any solar plant

with capacity as approved by the Energy Commission Malaysia connected to either the transmission or distribution network in

Peninsular Malaysia, Labuan and Sabah.

LSS 1 : Large Scale Solar 1, which refers to the first round competitive bidding

programme conducted by the Energy Commission Malaysia in 2016 for large scale solar PV power plants in Peninsular Malaysia, Labuan and

Sabah with commercial operation date in 2017 – 2018.

LSS 2 : Large Scale Solar 2, which refers to the second round competitive

bidding programme conducted by the Energy Commission Malaysia in 2017 for large scale solar PV power plants in Peninsular Malaysia, Labuan and Sabah with commercial operation date in 2019 – 2020.

Large Scale Solar 3, which refers to the third round competitive bidding

programme conducted by the Energy Commission Malaysia in 2019 for large scale solar PV power plants in Peninsular Malaysia with

commercial operation date in 2021.

LSS 4 : Also known as LSS@MEnTARI, which refers to the fourth round

competitive bidding programme conducted by the Energy Commission Malaysia in May 2020 for large scale solar PV power plants in

Peninsular Malaysia.

Megawatt (MW) : Equals to 1,000,000 watts.

Megawatt-hour (MWh) : A unit of measure of electricity energy where 1 MWh is equivalent to

1,000,000 watts of power generated or consumed for 1 hour.

Megawatt AC (MWac) : The unit of measurement in megawatts to express the maximum AC

power output that a solar PV facility can generate under optimum conditions. MWac is equivalent to the maximum electricity generating

capacity of 1,000,000 watts of AC.

Megawatt peak (MWp) : The unit of measure in megawatts to express the maximum DC power

output from the total number of solar PV modules within a solar PV

facility.

Net energy metering

(NEM)

A programme introduced to replace the FiT for solar PV projects. NEM allows consumers to generate electricity from solar PV facilities for self-

consumption, and export excess electricity to the power grid. In 2019, the NEM programme was enhanced to offer a one-on-one offset basis which means for every 1 kWh exported to the grid, it will be offset

against 1 kWh consumed from the grid.

New enhanced dispatch arrangement (NEDA)

NEDA is a programme which allows an entity involved in power generation to sell power to a single buyer such as TNB. Under the NEDA programme, power generators are allowed to submit bids for

their variable costs such as fuel, operations and maintenance costs on

a daily basis to compete for more power generation supply.

Nominal power The rated peak power of the solar PV installation.

On-grid solar PV facility Synonymous as grid-connected solar PV facility.

Performance ratio It measures the quality of the installed solar PV facility benchmarked

> against a theoretical solar PV facility independent of, among others, location, climatic temperature, humidity and pressure, and incidence and intensity of solar irradiation. The closer to the theoretical value will indicate a higher efficiency level for the installed solar PV facility.

Photovoltaic (PV) A method where sunlight is converted to electricity in the form of DC.

In the context of this Prospectus, power is used interchangeably with **Power** 

electricity.

Power grid The power transmission and distribution network that covers large

areas to connect power generation to user premises and devices.

Commonly it refers to the national or state power grid.

Renewable energy (RE) Refers to energy collected from renewable resources that are naturally

replenished in a short time. Some examples of renewable energy

sources include solar, biogas, biomass and hydro.

Rooftop installation Solar PV facility where the solar PV modules are mostly installed on top

> of buildings and other structures. It also covers solar PV modules that are installed on skylights, walls, façade, windows and other parts of buildings, and on other structures such as bridges and coverings over

open areas such as carparks.

**Supply Agreement for** 

Renewable Energy (SARE)

A tripartite agreement between the consumer, investor and TNB where

payment is through TNB electricity bills.

Supervisory control and

A centralised computer system that obtains real time information on the data acquisition (SCADA) operations of plant, system and equipment for the purpose of

monitoring and controlling the operations.

Self-consumption

(SELCO)

A programme that enables individual, commercial and industrial power

consumers to hedge against rising cost of electricity through installation of solar PV facility to generate electricity for their own usage. Any excess electricity generated under SELCO is not allowed to be

exported to the power grid.

Solar leasing agreement A leasing agreement that enables the user to lease the solar PV facility

by paying an agreed periodic rate (example, monthly payment) over an

agreed period of time.

The interconnected arrangement of several or a large number of solar Solar PV array

PV panels that constitutes the solar PV facility.

Solar PV cell An electrical device in the form of a semiconductor wafer that absorbs

sunlight to directly generate DC. They are also known as "solar cells".

Solar PV facility In the context of this Prospectus, solar PV facility refers to solar PV

system or solar PV power plant.

Solar PV investor Refers to any person or entity who has an equity share in the solar PV

facility, who may also be referred to as the facility owner.

Solar PV module : Two or more interconnected solar PV cells that are assembled as a

single unit encased within a metal frame.

Solar PV panel : Several interconnected solar PV modules assembled as a single unit.

Solar PV system : In the context of this Prospectus, solar PV system refers to a facility

with an installed generating capacity of less than 1 MW. Solar PV systems are commonly installed on the rooftop of the property for

residential, commercial and industrial users.

Solar PV plant : In the context of this Prospectus, solar PV plant refers to a facility with

an installed generating capacity of 1 MW and above. Solar PV plants may be installed on the rooftop or mounted on the ground. Rooftop solar PV plants are commonly for industrial users with large electricity consumption, while ground mounted solar PV plants are generally

utility-scale to generate electricity for export to the power grid.

**Substation**: A component of the power generating plant or power grid that performs

functions such as changing the voltage from high to low (known as step-down), or from low to high (step-up), or distributing the power to other locations or some other functions. For example, electricity generated by a solar PV power plant passes through a step-up substation, where

its voltage is stepped-up for transmission.

Thermography : Also known as thermal imaging which uses infrared cameras to inspect

solar PV facilities for problems that can cause damage to the solar PV

modules.

Watt : A unit of measure for power, which is a measure of the rate of electricity

generated or consumed over one second.

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#### PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" or "Sunview" in this Prospectus are to Sunview Group Berhad, while references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to "Management" are to our Executive Directors and our key senior management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Glossary of Technical Terms" sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the "Government" are to the Government of Malaysia, and references to "RM" and "sen" are to the lawful currency of Malaysia. The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or we are exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the Industry Overview prepared by Vital Factor, an independent business and market research consulting company. We have appointed Vital Factor to provide an independent market and industry review. In compiling their data for the review, Vital Factor had relied on their research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

#### FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations are forward-looking statements. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "estimate", "aim", "plan", "forecast", "project" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 8 — Risk Factors and Section 11.3 — Management's Discussion and Analysis of Financial Conditions and Results of Operations of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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# I. CORPORATE DIRECTORY

# **BOARD OF DIRECTORS**

Name / (Designation)	Address	Nationality
Zulkifly Bin Zakaria (Independent Non-Executive Chairman)	No. 55, Medan Athinahapan Satu Taman Tun Dr. Ismail 60000 Kuala Lumpur Wilayah Persekutuan	Malaysian
Ong Hang Ping (Executive Director / CEO)	A-12A-3A, Main Place Residence Persiaran Kewajipan, USJ 21 47650 Subang Jaya Selangor	Malaysian
Chow Kian Hung (Executive Director / COO)	B-9-3, D'Pines Condo Jalan Cempaka 6 68000 Ampang Selangor	Malaysian
Khoo Kah Kheng (Executive Director / CPDO)	A-10-02, Ameera Residences Jalan SS 2/72 47300 Petaling Jaya Selangor	Malaysian
Amin Ashari Bin Shafie (Non-Independent Non-Executive Director)	No. 17, Jalan 14/50 46100 Petaling Jaya Selangor	Malaysian
Norashikin Binti Abdul Rani (Independent Non-Executive Director)	B-23A-6, Level 23A Marc Service Residence Jalan Pinang 50450 Kuala Lumpur Wilayah Persekutuan	Malaysian
Professor Ir. Dr. Nasrudin Bin Abd Rahim (Independent Non-Executive Director)	No. 22, Jalan Putra Harmoni 1/3A Putra Heights 47650 Subang Jaya Selangor	Malaysian
Yap Chui Fan (Independent Non-Executive Director)	No. 81, Jalan SS 18/1C SS 18 47500 Subang Jaya Selangor	Malaysian

## 1. CORPORATE DIRECTORY (CONT'D)

#### **AUDIT AND RISK MANAGEMENT COMMITTEE**

NameDesignationDirectorshipNorashikin Binti Abdul RaniChairpersonIndependent Non-Executive DirectorProfessor Ir. Dr. Nasrudin Bin Abd RahimMemberIndependent Non-Executive DirectorYap Chui FanMemberIndependent Non-Executive Director

#### NOMINATION COMMITTEE

NameDesignationDirectorshipProfessor Ir. Dr. Nasrudin Bin Abd RahimChairmanIndependent Non-Executive DirectorNorashikin Binti Abdul RaniMemberIndependent Non-Executive DirectorYap Chui FanMemberIndependent Non-Executive Director

#### **REMUNERATION COMMITTEE**

NameDesignationDirectorshipYap Chui FanChairpersonIndependent Non-Executive DirectorProfessor Ir. Dr. Nasrudin Bin Abd RahimMemberIndependent Non-Executive DirectorNorashikin Binti Abdul RaniMemberIndependent Non-Executive Director

COMPANY SECRETARIES : Tea Sor Hua

77C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan

Telephone No. : (03) 7725 1777

SSM Practicing: 2019

Certificate No.

201908001272

Professional : Malaysian Association Qualification : Secretaries ("MACS")

(MACS Membership No.: MACS 01324)

Company

Chieng Meei Tsong 77C, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan

Telephone No. : (03) 7725 1777

SSM Practicing: 201908001264

Certificate No.

Professional Qualification

Malaysian Institute of Chartered Secretaries and Administrators

("MAICSA")

(MAICSA Membership No.: MAICSA

7040364)

# 1. CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE : Third Floor, No. 77, 79 & 81

Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan

Telephone No. : (03) 7725 1777 Facsimile No. : (03) 7722 3668

**HEAD OFFICE** : 01-9, 9th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya Selangor Darul Ehsan

Telephone No. : (03) 7660 7628
Email : info@sunview.com.my
Website : www.sunview.com.my

EXTERNAL AUDITORS AND : REPORTING ACCOUNTANTS

Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA) & AF 0117

Baker Tilly Tower, Level 10

Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur

Telephone No. : (03) 2297 1000

Partner-in-charge: Paul Tan Hong
Approval No.: 03459/11/2023 J
Professional: Chartered Accountant,

Qualification Malaysian Institute of Accountants ("MIA")

(MIA Membership No.: 40209)

PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND PLACEMENT AGENT Alliance Islamic Bank Berhad Level 3, Menara Multi-Purpose

Capital Square

8, Jalan Munshi Abdullah 50100 Kuala Lumpur

Telephone No. : (03) 2604 3333

SOLICITORS : Teh & Lee

A-3-3 & A-3-4, Northpoint Offices, Mid Valley City

No. 1, Medan Syed Putra Utara

59200 Kuala Lumpur

Telephone No. : (03) 2283 2800

## 1. CORPORATE DIRECTORY (CONT'D)

INDEPENDENT BUSINESS AND : MARKET RESEARCH CONSULTANTS

Vital Factor Consulting Sdn Bhd V Square @ PJ City Centre (VSQ)

Block 6, Level 6 Jalan Utara

46200 Petaling Jaya Selangor Darul Ehsan

Telephone No.

(03) 7931 3188

Person-in-charge

Wooi Tan

Qualification

Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australian Marketing Institute, and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management)

**ISSUING HOUSE** 

Malaysian Issuing House Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya Selangor Darul Ehsan

Telephone No.

: (03) 7890 4700

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya Selangor Darul Ehsan

Telephone No.

: (03) 7890 4700

LISTING SOUGHT

: ACE Market

SHARIAH STATUS

: Approved by the SAC

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# 2. APPROVALS AND CONDITIONS

# 2.1 APPROVALS FROM RELEVANT AUTHORITIES

### 2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 8 July 2022 ("Approval Letter"), approved our admission to the Official List and the listing of and quotation for our entire enlarged issued share capital comprising 468,000,000 Shares on the ACE Market.

The approval by Bursa Securities is conditional upon the completion of the disposal by Khoo Kah Kheng of his interest in Lotus Spectrum Sdn Bhd. The disposal was completed on 28 July 2022.

The Company and/or AIS are required to comply with the following:

De	tails of conditions imposed	Status of compliance			
1.	Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository:	To be complied prior to Listing.			
	(i) Name of shareholders;				
	(ii) Number of Shares; and				
	(iii) Date of expiry of the moratorium for each block of Shares.				
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied.			
3.	Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon.	To be complied upon Listing.			
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements.	To be complied prior to Listing.			
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Sunview on the first day of Listing.				
6.	In relation to the public offering to be undertaken by Sunview, to announce at least 2 Market Days prior to the Listing date, the result of the offering including the following:	To be complied prior to Listing.			
	(i) Level of subscription of public balloting and placement;				
	(ii) Basis of allotment/allocation;				
	(iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and				
	(iv) Disclosure of placees who become substantial shareholders of Sunview arising from the public offering, if any.				
	To ensure that the overall distribution of the Company's securities is properly carried out to mitigate any disorderly trading in the secondary market.				

# 2. APPROVALS AND CONDITIONS (CONT'D)

Details of conditions imposed Status of comp			
<ol> <li>Sunview / AIS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Sunview to the Official List of the ACE Market.</li> </ol>	Listing.		

Bursa Securities also had, vide the Approval Letter, approved our application for modification in complying with the following paragraph of the Listing Requirements:

Listing Requirements	Modification sought
Rule 3.19(1)(b), Chapter 3	Modification to allow Stellar One, a substantial shareholder of Sunview together with the Specified Shareholders to comply with this requirement.

### 2.1.2 SC

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.

The SC had, vide its letter dated 8 July 2022, approved the resultant equity structure of Sunview under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to the following conditions:

De	etails of conditions imposed	Status of compliance			
1.	Sunview to make available at least 50.00% of the Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors at the point of Listing;	To be complied upon Listing.			
2.	Sunview to allocate 12.50% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI within 1 year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or 5 years after being listed on the ACE Market of Bursa Securities, whichever is earlier ("Compliance Date");	To be complied.			
3.	Sunview to submit to the SC a proposal to comply with the equity condition stated in paragraph 2 above, at least 6 months prior to the Compliance Date; and	To be complied.			
4.	AIS or Sunview to submit Sunview's equity structure to the SC upon completion of the Listing.	To be complied upon Listing.			

### 2. APPROVALS AND CONDITIONS (CONT'D)

#### 2.1.3 SAC

The SAC had classified our Shares as Shariah-compliant based on the latest audited combined financial statements of Sunview for the FYE 2022.

#### 2.2 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 NEC, Ong Hang Ping and Chow Kian Hung, being the Specified Shareholders, as follows:

- (i) the moratorium applies to the Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");
- (ii) upon the expiry of the First 6-Month Moratorium, we must ensure that the Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for a further 6 months ("Second 6-Month Moratorium"); and
- (iii) upon the expiry of the Second 6-Month Moratorium, the Specified Shareholders may sell, transfer or assign up to a maximum of one-third per year (on a straight-line basis) of their Shares held under moratorium.

Upon Listing, the Specified Shareholders will hold in aggregate 44.45% of the enlarged issued share capital which is less than the minimum 45.00% required for the Second 6-Month Moratorium.

In view of the above, our substantial shareholder namely Stellar One has voluntarily undertaken not to sell, transfer or assign its entire shareholdings in Sunview of 5.71% for the First 6-Month Moratorium. Upon the expiry of the First 6-Month Moratorium, Stellar One has also undertaken to ensure that at least 2,554,533 Shares which represents 0.55% of our enlarged issued share capital, remain under moratorium for the Second 6-Month Moratorium.

In addition to the above, Basil Power and each of the Pre-IPO Investors (save for Khoo Kah Kheng) have also provided their written undertakings not to sell, transfer or assign their entire shareholdings in Sunview for the First 6-Month Moratorium pursuant to Rule 3.19A of the Listing Requirements.

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# 2. APPROVALS AND CONDITIONS (CONT'D)

Details of our Shares which will be subject to moratorium are as follows:

		Year 1 aft	er Listing		Year 2 a	fter Listing	Year 3 a	fter Listing
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
Name	No. of Shares	% of enlarged issued share capital^	No. of Shares	% of enlarged issued share capital^	No. of Shares	% of enlarged issued share capital^	No. of Shares	% of enlarged issued share capital^
Specified Shareholders								
NEC	167,085,531	35.70	167,085,531	35.70	112,758,086	24.09	56,379,043	12.05
Ong Hang Ping	(1)24,553,461	5.25		5.25	16,569,964	3.54	8,284,982	1.77
Chow Kian Hung	(1)16,406,475	3.50	(1)16,406,475	3.50	11,071,950	2.37	5,535,975	1.18
Substantial Shareholders								
Stellar One	26,706,010	5.71	2,554,533	0.55	_	-	-	-
Basil Power	54,220,141	11.59	-	-	-	-	-	-
Pre-IPO Investors <sup>(2)</sup>								
FIHB	17,150,121	3.66	- 1	-	-	-	-	-
Soh Kah Woi	17,150,121	3.66	-	-	-	-	-	-
Ng Chee Yee(3)	15,750,773	3.37	-	-	-	-	-	-
Evergreen Credit	7,000,742	1.50	-	-	-	-	-	-
Oon Jin Hsiong	4,201,625	0.90	-	-	-	-	-	-
Total	350,225,000	74.84	210,600,000	45.00	140,400,000	30.00	70,200,000	15.00

#### Notes:

- ^ Based on our enlarged issued share capital of 468,000,000 Shares after our IPO.
- (1) Including 112,500 Sunview Shares allocated to Ong Hang Ping and Chow Kian Hung, respectively under the Pink Form Allocation.
- (2) Khoo Kah Kheng, who is one of the Pre-IPO Investors has transferred all his equity interest in Fabulous Sunview into NEC and he does not hold any direct shareholdings in Sunview.
- (3) Ng Chee Yee was the former director of our subsidiaries namely, Suntech Energy and Solarcity REIT. He was also the former Chief Business Development Officer of our Group. He had resigned from the said positions on 31 December 2021.

Registration No. 202101019497 (1419797-M)

# 2. APPROVALS AND CONDITIONS (CONT'D)

Our Specified Shareholders have provided written undertakings that they will not sell, transfer or assign any part of their interest in our Shares during the moratorium period. The shareholders of NEC have each furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their shareholdings in NEC during the moratorium period.

The moratorium, which is fully acknowledged by the Specified Shareholders, Stellar One, Basil Power and each of the Pre-IPO Investors (save for Khoo Kah Kheng), is specifically endorsed on our share certificate 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.

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#### 3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

### 3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Number of Shares to be issued under the Public Issue	118,000,000
- Malaysian Public	23,600,000
<ul> <li>Eligible Directors, employees and persons who have contributed to the success of our Group</li> </ul>	9,000,000
- Private placement to selected investors	85,400,000
Enlarged issued share capital upon Listing	RM83,220,002 comprising 468,000,000 Shares
IPO Price	RM0.29
Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)	RM135,720,000

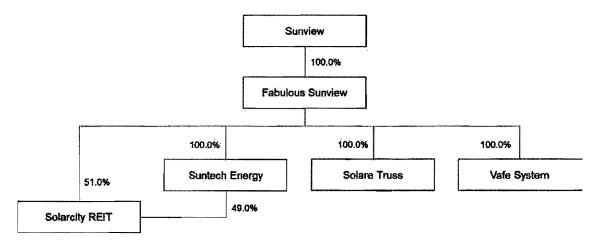
Further details on our IPO are set out in Section 4.1 of this Prospectus.

The entire shareholdings of our Promoters, substantial shareholders and each of the Pre-IPO Investors (save for Khoo Kah Kheng) after our IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, the shareholdings of our Promoters and substantial shareholders amounting to 45.00% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) will remain under moratorium for another 6 months. Please refer to Section 2.2 of this Prospectus for further details of the moratorium sale of Shares of our Company.

#### 3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 25 May 2021 as a private limited company under the name of Sunview Group Sdn Bhd and was subsequently converted into a public limited company on 24 December 2021. Sunview is an investment holding company. Through our subsidiaries, we are principally involved in the EPCC of solar PV facilities, solar PV construction and installation services, solar power generation and supply as well as associated services and products.

Our Group's current corporate structure is illustrated below:

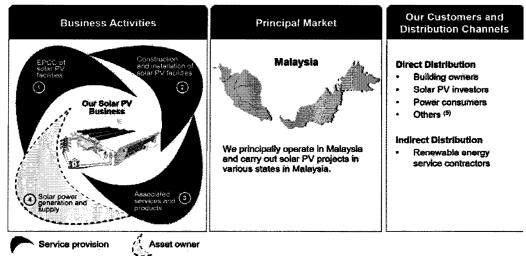


# 3. PROSPECTUS SUMMARY (CONT'D)

The principal activities of our subsidiaries are as follows:

Company	Principal activities		
Fabulous Sunview	EPCC of solar PV and other RE facilities, provision of solar PV construction and installation services, and associated services and products		
Suntech Energy	Solar power generation and supply		
Solarcity REIT	Solar power generation and supply		
Solare Truss	Solar PV construction and installation services, and supply of solar PV equipment and ancillary systems as well as EPCC of other RE facilities		
Vafe System	Solar power generation and supply		

The following is an overview of our Group's business model:



#### Notes:

- (1) For the Financial Years Under Review, revenue contribution for EPCC were from rooftop solar PV facility projects and LSS PV facility projects;
- (2) For the Financial Years Under Review, revenue contributions were mainly derived from subcontracted works for solar PV projects including rooftop and ground mounted for LSS;
- (3) Comprises solar PV consulting and engineering services, as well as supply of solar PV equipment and ancillary systems;
- (4) For the Financial Years Under Review, revenue contributions were from the solar power generation and supply from our rooftop solar PV facilities; and
- (5) Other direct distribution channel includes facility developer or owner for the solar PV consulting and engineering services.

### (i) Overview of business activities

#### **EPCC of solar PV facilities**

We carry out EPCC of solar PV facilities where we are the main contractor responsible for the entire project from planning up to commercial operation where we provide end-to-end services from engineering design, planning and procurement, construction and installation up to testing and commissioning. As an EPCC contractor, we engage subcontractors to carry out the construction and installation works for the solar PV facilities under our supervision. For the Financial Years Under Review and up to the LPD, we carried out EPCC of solar PV facilities on the rooftops of industrial buildings such as factories, commercial buildings such as office buildings, retail and shopping complexes, and private school, residential buildings mainly landed houses and LSS PV plants. Please refer to Section 6.3.3.1 of this Prospectus for further details on EPCC of solar PV facilities.

## 3. PROSPECTUS SUMMARY (CONT'D)

#### Construction and installation of solar PV facilities

We provide construction and installation of solar PV facilities as a subcontractor to EPCC main contractors. For the Financial Years Under Review and up to the LPD, this include the solar PV plants under the LSS programme and solar PV facility for residential, commercial and industrial properties. Please refer to Section 6.3.3.2 of this Prospectus for further details on the construction and installation of solar PV facilities.

#### Associated services and products

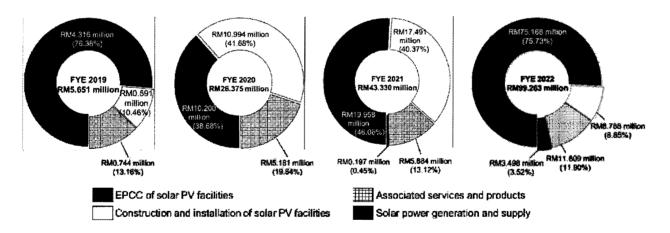
We also offer associated services and products to complement our core business in the provision of EPCC, and construction and installation services. This includes the provision of solar PV consulting and engineering, and O&M services, as well as supply of solar PV equipment and ancillary systems such as gutter and mounting systems. For further details on our associated services and products, please refer to Section 6.3.3.3 of this Prospectus.

#### Solar power generation and supply

Our solar power generation and supply business is based on asset ownership including solar PV facility that we BOOT and BOO, and AOO. For the Financial Years Under Review and up to the LPD, we own a total of 18 solar PV facilities. In addition, we plan to construct 2 new solar PV facilities by 2023. Please refer to Section 6.3.3.4 of this Prospectus for further details on solar power generation and supply.

#### (ii) Revenue streams

Our revenue segmented by business activities for the Financial Years Under Review are as follows:



## 3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Group's competitive advantages and key strengths are set out below:

(i) We have the experience and a proven track record in carrying out EPCC of solar PV facilities and subcontracting works for LSS PV plants to serve as a platform for business growth

We carry out EPCC for solar PV facilities providing end-to-end services from engineering design, planning and procurement, construction and installation up to testing and commissioning. For the Financial Years Under Review and up to the LPD, we have completed 98 EPCC of rooftop solar PV facility projects covering industrial, commercial and residential buildings, with a cumulative installed capacity of 23.08 MWp. For the Financial Years Under Review and up to the LPD, we have completed the provision of construction and installation for 6 LSS PV plants with capacity ranging from 29.92 MWac

to 100.00 MWac as a subcontractor. For the Financial Years Under Review and up to the LPD, our projects were completed without any delays and there was no LAD incurred.

As at the LPD, we have secured 7 new LSS PV plant projects under the LSS 1, LSS 2, LSS 4 and NEDA programme with an aggregated installed capacity of 178.00 MWac and an aggregated contract value of RM658.04 million which are expected to be completed by FYE 2024. In addition, we have the capabilities to carry out the EPCC of BIPV rooftop solar PV facilities where the solar modules are used as roofing materials. Since the commencement of our business and up to the LPD, we have 24 EPCC of BIPV solar PV facility projects.

# (ii) We have an experienced technical and management team

We have an experienced technical and management team headed by our CEO with approximately 12 years of experience in the RE sector. He is supported by our COO and our CPDO, both of them have approximately 9 years of experience in RE sector respectively. Our CEO, COO and CPDO are key in determining the strategic direction of our business and implementing strategies to drive business growth. They are assisted by our CFO with her knowledge and experience to contribute to the development of our business.

# (iii) Our business model in the EPCC and subcontracted works for solar PV facilities is supplemented by the supply of solar power generated from the assets that we owned to provide us with recurrent revenue

Part of our strategy was to leverage on our technical knowledge and experience in EPCC of solar PV facilities and expand into asset ownership, a strategy which we embarked in 2019 through Solarcity REIT. As at the LPD, we own 18 solar PV facilities with a collective installed capacity of 7.74 MWp. In addition, we plan to construct 2 new solar PV facilities by 2023.

# (iv) We work with solar PV investors who will fund the installation of solar PV facility and facilitate growth of our EPCC of solar PV facility business

Solar PV investors are entities that fund the capital expenses of installing solar PV facilities on the premises of prospective power consumers. We work with solar PV investors where we carry out the EPCC of solar PV facilities for the solar PV investors. This will enable power users to consume solar PV power without having to fund the initial capital expenses for the installation of solar PV facilities. With this zero-capital expenditure arrangement, we can attract power consumers to install solar PV facilities on their premises while generating opportunities for our EPCC of solar PV facility business. For the Financial Years Under Review and up to the LPD, 40 of our completed and ongoing EPCC projects are from solar PV investors with an aggregated contract value of RM33.62 million. Our relationships with solar PV investors will provide us with the advantage of offering zero-capital expenditure to power consumers and encourage the installation of solar PV facilities to serve as a platform for our EPCC of solar PV facility business segment.

Further details of our competitive advantages and key strengths are set out in Section 6.1.2 of this Prospectus.

#### 3.4 BUSINESS STRATEGIES

Our Group's business strategies are summarised as below:

# (i) Continue to expand our solar PV business

Our overall strategy is to continue to focus on our core competency in solar PV business and solar power generation and supply. This is supported by our track record since the commencement of solar PV services in 2013. Our track record from past projects in

EPCC and construction and installation services will serve as reference sites for us to secure new customers and projects. This will be further supported by our plans in setting up a new branch office in Johor to address potential opportunities. We also plan to expand our solar power generation and supply business segment for recurrent revenue that will provide us with a certain amount of predictable cash flow to complement our project based revenue. As at the LPD, we have a total unbilled order book of RM558.34 million including 7 EPCC for LSS PV plant projects which are expected to be completed progressively between FYE 2023 and FYE 2024.

# (ii) Expand into other RE facilities for the EPCC of biogas plants and complementary products

Part of our strategy is to leverage on our experience and track record in EPCC of solar PV facilities to address potential opportunities in the EPCC of other RE facilities namely biogas plants. In line with the national initiatives to promote RE, we plan to expand into the EPCC of biogas plants which is designed to generate electricity by using waste materials, such as agricultural waste. In addition, part of our Group's strategies is to also expand into the provision of complementary products for our solar PV business where we plan to provide complementary products including IoT solar energy system and current limiting reactor system for solar PV power applications.

#### (iii) Market expansion to set up new office in Johor

We intend to set-up a new office for our business expansion in Johor to address potential opportunities in the EPCC of rooftop solar PV facilities and providing associated services such as solar PV consulting, engineering and maintenance services. This is to target the commercial and industrial applications in the Southern region.

#### (iv) Purchase operational equipment for our solar PV business operations

Our existing equipment mainly consist of electrical testing instruments, equipment and tools for our EPCC, and construction and installation services. We also have a pile driver used for piling and foundation works for ground mounted LSS PV plant projects. In the past, we mainly utilised mechanical and construction equipment provided by subcontractors and we also rented equipment including piling machines, and data loggers for construction and installation works. In this respect, we plan to purchase new operational equipment to cater to the expansion of our solar PV business. We intend to purchase the following equipment for our operations to support the continuing expansion of our solar PV business:

- (a) Electrical testing instruments, equipment and tools including 2 units of thermal imaging cameras, 2 units of power quality measurement instruments and 2 units of solar PV testers;
- (b) Mechanical and construction equipment including 2 units of vehicles for project sites, 3 units of piling equipment, 2 units of panel cleaning equipment and 2 units of construction lifts such as boom lifts and scissor lifts; and
- (c) IT related system including 1 unit of hardware and 11 software for solar PV applications.

Further details of our business strategies are set out in Section 6.10 of this Prospectus.

#### 3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may occur either individually or in combination, at the same time or around the same time) that may have a significant impact on our future financial performance, such as the following:

(i) Our financial performance is dependent on our ability to continually secure new and sizeable projects to ensure the sustainability of our business

The nature of our business is mainly project based where our revenue is derived from the execution and completion of EPCC, and the construction and installation of solar PV facilities. There is a risk that we may not be able to secure sufficient new and sizeable projects to sustain our business which would materially affect our future financial performance.

(ii) We face inherent risk as an asset owner to generate and supply solar power due to the requirements to make upfront capital investments and the long breakeven period for these investments

Our asset ownership business model is based on funding the capital cost of construction or acquisition of completed solar PV facilities, and bearing the expenses of operating and maintaining the solar PV facilities, while we are paid based on solar power generated for the duration of the PPA. As at 31 March 2022, the total investment cost of our solar PV facilities was RM41.00 million including solar PV facilities that were being constructed by us or acquired. Our solar PV facilities were funded by a combination of internally generated funds and borrowings.

(iii) Our business and financial performance may be affected if there are delays or cancellations of our projects

In the event of any delays in the completion of our projects, we will be liable for claims and/or penalties from customers on LAD comprising delay LAD, abandonment LAD and performance LAD, which may adversely affect our financial performance and reputation. Furthermore, if we are unable to complete our solar PV projects, this would also adversely impact our reputation and our ability to receive the full payment for the project.

(iv) We face the risk of cost overruns for our EPCC of solar PV facility projects as they are based on a fixed lump sum contract which may take less than 12 months and up to 18 months to complete

Our EPCC of solar PV projects are based on a fixed lump sum contract. In the event of unanticipated cost increases during project implementation and execution where we are unable to pass the cost increases to our customers, this would adversely affect our financial performance.

(v) We are dependent on our subcontractors to perform certain works for our solar PV projects

We engage subcontractors to perform works such as earthworks, site clearance and preparations, piling, construction of mounting structures, physical installation of solar PV modules and balance of systems, and electrical, communications and integration work to connect all equipment and components. In this respect, we are subject to the risks associated with non-performance, late performance or poor performance by our subcontractors.

Please refer to Section 8 of this Prospectus for the full list of risk factors which you should consider before investing in our Shares.

#### 3.6 IMPACT OF THE COVID-19 PANDEMIC

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 commencing from 18 March 2020. As a result of the implementation of MCO by the Government, our business operations were temporarily suspended from 18 March 2020 to 11 May 2020. Our financial performance was impacted due to the delay in billings as we experienced a slowdown in our operations as well as temporary suspension of our on-going projects. We were only able to bill our customers based on work done for our solar PV facility projects before the MCO as well as recurrent billings from the solar power generation and supply. During this period, 12 of our

EPCC of solar PV facility projects and construction and installation projects were temporarily suspended. As at the LPD, all of the said projects have been completed.

Under the Phase 1 of NRP with a full lockdown and FMCO which started on 1 June 2021, our business operations were affected when our management and administrative staff had to work from home during Phase 1 of NRP period, while our on-site operations were temporarily suspended between 1 June 2021 and mid-July 2021. The on-site operations for our on-going projects were affected during the said period and we notified our customers of the suspension of on-site works due to the constraints we encountered during the said NRP period. We were only able to bill our customers based on work done for our solar PV facilities projects before Phase 1 of NRP as well as recurrent billings from solar power generation and supply. During this period, 16 of our EPCC of solar PV facility projects and construction and installation projects were temporarily suspended. As at the LPD, 11 of these projects have been completed while the remaining 5 projects are still on-going.

Despite the business interruptions during these periods, our overall financial performance for the FYE 2022 was not materially affected as our revenue increased by 129.09% to RM99.26 million for the FYE 2022 (FYE 2021: RM43.33 million), whereas our total GP increased by RM7.48 million or 58.14% to RM20.35 million for the FYE 2022 (FYE 2021: RM12.87 million).

Our net cash used in operating activities was RM27.71 million for the FYE 2022. This was mainly due to an increase in contract assets contributed by services performed but pending billing to customers and increase in contract liabilities mainly due to advance payments received from customers. Nonetheless, there was no material impact on the collectability of our trade receivables. Our total net receivables stood at RM9.10 million as at 31 March 2022. As at the LPD, RM4.28 million or 47.03% of our total trade receivables outstanding have been collected.

Our supply chain was impacted by the COVID-19 pandemic, nevertheless the impact was not material. Notwithstanding the continuing COVID-19 pandemic, we have not encountered any material supply disruptions for any new orders of any solar PV equipment and materials for our business operations as at the LPD.

For further details on the impact of the COVID-19 pandemic on our business and financial performance, please refer to Section 6.3.11 of this Prospectus.

#### 3.7 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

Our Directors and key senior management are as follows:

Name	Designation
DIRECTORS	
Zulkifly Bin Zakaria	Independent Non-Executive Chairman
Ong Hang Ping	Executive Director / CEO
Chow Kian Hung	Executive Director / COO
Khoo Kah Kheng	Executive Director / CPDO
Amin Ashari Bin Shafie	Non-Independent Non-Executive Director
Norashikin Binti Abdul Rani	Independent Non-Executive Director
Professor Ir. Dr. Nasrudin Bin Abd Rahim	Independent Non-Executive Director
Yap Chui Fan	Independent Non-Executive Director
KEY SENIOR MANAGEMENT	1
Ooi Yoong Shan	CFO

Further details on our Directors and key senior management are disclosed in Section 5 of this Prospectus.

# 3.8 PROMOTERS AND / OR SUBSTANTIAL SHAREHOLDERS

Our Promoters and / or substantial shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

		Before	e our IP	O / As at the LPD	)		After o	our IPO	
	Nationality /	Direct		Indirect	:	Direct		Indirect	
	Country of Incorporation	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Promoters and substantial shareholders									
NEC	Malaysia	167,085,531	47.74	-	-	167,085,531	35.70	-	-
Ong Hang Ping	Malaysian	1	#	<sup>(3)</sup> 167,085,531	(3)47.74	@24,553,461	5.25	<sup>(3)</sup> 167,085,531	(3)35.70
Chow Kian Hung	Malaysian	1	#	(3)167,085,531	(3)47.74	@16,406,475	3.50	<sup>(3)</sup> 167,085,531	(3)35.70
Substantial shareholders									
Stellar One	Malaysia	26,706,010	7.63	-	-	26,706,010	5.71	-	-
Basil Power	Malaysia	94,955,075	27.13	-	•	^54,220,141	11.59	-	-
Tiong Sun Teck	Malaysian	-	-	(4)26,706,010	<sup>(4)</sup> 7.63			(4)26,706,010	<sup>(4)</sup> 5.71
Lim Wai Ken	Malaysian	-	-	<sup>(4)</sup> 26,706,010	<sup>(4)</sup> 7.63			(4)26,706,010	<sup>(4)</sup> 5.71
Prize Wings Sdn Bhd	Malaysia	-	_	<sup>(5)</sup> 94,955,075	<sup>(5)</sup> 27.13	~	-	<sup>(5)</sup> 54,220,141	<sup>(5)</sup> 11.59
AGTF Solar Ltd	British Virgin Islands	-	-	<sup>(6)</sup> 94,955,075	<sup>(6)</sup> 27.13	-	-	<sup>(6)</sup> 54,220,141	<sup>(6)</sup> 11.59
Asia Greentech Fund I LP	Cayman Islands	-	_	<sup>(7)</sup> 94,955,075	<sup>(7)</sup> 27.13		-	<sup>(7)</sup> 54,220,141	<sup>(7)</sup> 11.59
Melur Investment Limited	Malaysia	-	-	<sup>(8)</sup> 94,955,075	<sup>(8)</sup> 27.13	-	-	<sup>(8)</sup> 54,220,141	<sup>(8)</sup> 11.59
Cardina International Company Limited	Cayman Islands	-	-	(8)94,955,075	<sup>(8)</sup> 27.13	-	-	(8)54,220,141	<sup>(8)</sup> 11.59
MAVCAP	Malaysia	-	-	<sup>(9)</sup> 94,955,075	<sup>(9)</sup> 27.13	-	-	<sup>(9)</sup> 54,220,141	<sup>(9)</sup> 11.59
MoF Inc.	Malaysia	-	-	(10)94,955,075	(10)27.13	-	-	(10)54,220,141	<sup>(10)</sup> 11.59
Kasen International Company Limited	Cayman Islands	-	-	(11)94,955,075	(11)27.13	-	-	(11)54,220,141	<sup>(11)</sup> 11.59

		Before	our IPO / As at the LPD	)		After our IPO	
	Nationality / Country of Incorporation	Direct	Indirect		Direct	Indirect	<b>t</b>
		No. of Shares	% <sup>(1)</sup> No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup> No. of Shares	%(2)
Kasen International Holdings Ltd	Cayman Islands		- <sup>(12)</sup> 94,955,075	<sup>(12)</sup> 27.13	_	- <sup>(12)</sup> 54,220,141	<sup>(12)</sup> 11.59

#### Notes:

- # Negligible.
- @ Including the Disposal by Basil Power of 24,440,960 Shares and 16,293,974 Shares to Ong Hang Ping and Chow Kian Hung, respectively and 112,500 Shares under the Pink Form Allocation.
- ^ After the Disposal by Basil Power of 24,440,960 Shares and 16,293,974 Shares to Ong Hang Ping and Chow Kian Hung, respectively.
- (1) Based on our issued share capital of 350,000,000 Shares after the Acquisition of Fabulous Sunview but before our IPO.
- (2) Based on our enlarged issued share capital of 468,000,000 Shares after the Disposal by Basil Power and Public Issue pursuant to the IPO.
- (3) Deemed interested by virtue of his shareholdings in NEC pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholdings in Stellar One pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of its shareholdings in Basil Power pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of its shareholdings in Prize Wings Sdn Bhd pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of its shareholdings in AGTF Solar Ltd pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of its shareholdings in Asia Greentech Fund I LP pursuant to Section 8(4) of the Act.
- (9) Deemed interested by virtue of its shareholdings in Melur Investment Limited pursuant to Section 8(4) of the Act.
- (10) Deemed interested by virtue of its shareholdings in MAVCAP pursuant to Section 8(4) of the Act.
- (11) Deemed interested by virtue of its shareholdings in Cardina International Company Limited pursuant to Section 8(4) of the Act.
- (12) Deemed interested by virtue of its shareholdings in Kasen International Company Limited pursuant to Section 8(4) of the Act.

#### 3.9 USE OF PROCEEDS FROM OUR IPO

The total gross proceeds from our Public Issue amounting to RM34.22 million are intended to be used in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from the Listing date)
Business expansion	1,670	4.88	Within 24 months
Capital expenditure	1,855	5.42	Within 18 months
Working capital	20,095	58.72	Within 24 months
Repayment of bank borrowings	7,000	20.46	Within 3 months
Estimated listing expenses	3,600	10.52	Within 1 month
Total	34,220	100.00	

There is no minimum subscription to be raised from our IPO. Further details on the use of proceeds are set out in Section 4.4 of this Prospectus.

#### 3.10 FINANCIAL HIGHLIGHTS

The following table sets out the key financial highlights based on our historical audited combined financial statements for the Financial Years Under Review:

	Audited					
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000		
Revenue	5,651	26,375	43,330	99,263		
Cost of sales	(4,322)	(20,243)	(30,464)	(78,917)		
GP	1,329	6,132	12,866	20,346		
(LBT) / PBT	(799)	3,254	8,343	10,859		
(LAT) / PAT	(708)	2,529	5,791	8,887		
GP margin <sup>(1)</sup> (%) PBT margin <sup>(2)</sup> (%) PAT margin <sup>(3)</sup> (%)	23.52	23.25 12.34 9.59	29.69 19.25 13.36	20.50 10.94 8.95		

#### Notes:

- (1) GP margin is calculated based on GP divided by revenue.
- (2) PBT margin is calculated based on PBT divided by revenue.
- (3) PAT margin is calculated based on PAT divided by revenue.

Please refer to Section 11 of this Prospectus for further discussion on our historical audited combined financial information.

#### 3.11 DIVIDEND POLICY

The dividend declared and paid by our Group in the FYE 2019 was RM1.20 million which was paid to the shareholders of Fabulous Sunview namely, Ong Hang Ping and Chow Kian Hung while we declared dividend amounting to RM1.00 million in the FYE 2020 which was paid in the FYE 2021 to the shareholders of Fabulous Sunview namely, Ong Hang Ping, Chow Kian Hung and Stellar One. Our Group did not declare any dividend for the FYE 2021 and FYE 2022, and does not intend to declare and pay dividend prior to the Listing. Notwithstanding the above, our Group presently does not have a fixed dividend policy. Further details on our dividend policy are disclosed in Section 11.4 of this Prospectus.

#### 4. PARTICULARS OF OUR IPO

#### 4.1 DETAILS OF OUR IPO

# 4.1.1 Pre-IPO Corporate Exercises

During and subsequent to our FYE 2021, our Group had undertaken and completed the following corporate exercises prior to us embarking on our Listing Scheme:

# (a) Issuance of RCPS to Basil Power

Pursuant to a subscription agreement dated 5 November 2020 entered into between Basil Power, Fabulous Sunview and our Promoters, namely Ong Hang Ping and Chow Kian Hung ("RCPS Subscription Agreement"), Basil Power had on 15 December 2020 subscribed for 450,704 RCPS at an issue price of RM35.50 each. The said issue price was arrived at mainly after taking into consideration the shareholding in Fabulous Sunview that these RCPS render upon their full conversion into Fabulous Sunview Shares, future prospects of our Group, our unlisted status, and the potential benefits from the use of the proceeds raised for our business expansion. The investment by Basil Power is envisaged to accelerate our Group's growth especially in taking on more LSS projects as it will be able to provide additional liquidity to our Group.

The principal activity of Basil Power is investment holding. Basil Power was established as an investment vehicle to hold the investments of Asia Greentech Fund I LP in our Group. At the material time, the ultimate beneficial shareholders of Basil Power were MoF Inc. (held via MAVCAP) and Kasen International Holdings Limited, whilst the shareholders of Fabulous Sunview were Ong Hang Ping, Chow Kian Hung and Stellar One. Please refer to Section 5.1.2 of this Prospectus for their respective profile.

Fabulous Sunview had raised a total proceeds of approximately RM16.00 million from this issuance of RCPS to Basil Power, and these proceeds have been mainly used for our security collateral, working capital purposes to fund our Group's projects and as down payments for the acquisitions of Vafe System and Suntech Energy. The proceeds raised from the issuance of RCPS to Basil Power has been fully utilised. The details of utilisation are set out as follows:

Purposes	RM'000	%
Security collateral (1)	6,988	43.68
Working capital	6,977	43.61
Down payment for the acquisition of Vafe System	1,060	6.62
Down payment for the acquisition of Suntech Energy	975	6.09
Total	16,000	100.00

#### Note:

(1) Comprises fixed deposits with licensed banks and security bond.

#### (b) Acquisition of Vafe System

Pursuant to the RCPS Subscription Agreement, Fabulous Sunview is required to acquire approximately 2.00 MWp FiT solar project businesses or companies.

On 3 March 2021, Fabulous Sunview entered into a share sale agreement to acquire the entire issued share capital of Vafe System from Sendang Energy Sdn Bhd for a cash purchase consideration of RM5.80 million. This is derived from the total identifiable net assets acquired of RM0.79 million and goodwill arising on acquisition of RM5.01 million.

Vafe System is principally involved in solar power generation and supply and it owns and operates a rooftop solar PV power plant in Kinta, Perak with a generating capacity of 1.00 MWp. This solar PV power plant generates and sells electricity to TNB under the FiT programme, the quota for which was obtained in 2016. The acquisition of Vafe System will provide our Group with a diversified recurring revenue stream that will enhance our Group's earnings visibility and long-term sustainability.

At the material time, Vafe System was a wholly-owned subsidiary of Sendang Energy Sdn Bhd. The shareholders of Sendang Energy Sdn Bhd was Reset Apps Sdn Bhd, Mokz Energy Sdn Bhd and Lee Fong Yeng. Reset Apps Sdn Bhd and Mokz Energy Sdn Bhd are held by third party individuals.

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the present value of expected future cash flows to be generated by the solar PV power plant and our business strategy to further expand our operations in solar power generation and supply. We also took into consideration 1 secured project with GV Bumi Solar (Sandakan) Sdn Bhd which was referred to Fabulous Sunview by Vafe System. Please refer to Appendix F of this Prospectus for valuation certificate issued by an independent valuer for further details on the fair value of Vafe System.

The acquisition of Vafe System was completed on 11 August 2021.

#### (c) Acquisition of Suntech Energy

Pursuant to the RCPS Subscription Agreement, Fabulous Sunview is required to acquire approximately 2.00 MWp FiT solar project businesses or companies.

On 24 March 2021, Fabulous Sunview entered into a share sale agreement to acquire the entire issued share capital of Suntech Energy from Khoo Kah Kheng and Ng Chee Yee for a cash purchase consideration of RM15.00 million. This is derived from the total identifiable net assets acquired of RM2.80 million, share of results of associates, net of tax of RM0.03 million and goodwill arising on acquisition of RM12.17 million.

Suntech Energy is principally involved in solar power generation and supply and it owns and operates 2 rooftop solar PV power plants. These solar PV power plants are located in Nilai, Negeri Sembilan and Bukit Mertajam, Pulau Pinang, each with a generating capacity of 1.00 MWp. These solar PV power plants generate and sell electricity to TNB under the FiT programme, the quota for which were obtained in 2014 and 2016, respectively. In addition, Suntech Energy is also the 49.00% shareholder of Solarcity REIT, which was established jointly by Fabulous Sunview and Suntech Energy in 2019. The acquisition of Suntech Energy will provide our Group with a diversified recurring revenue stream that will enhance our Group's earnings visibility and long-term sustainability.

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the present value of expected future cash flows to be generated by the 2 solar PV power plants, present value of expected future cash flows to be generated by the solar PV facilities owned and to be owned by Solarcity REIT (on 49.00% equity interest) based on secured contracts, future prospects of Solarcity REIT, and our business strategy to further expand our operations in power generation and supply. We also took into consideration the 2 projects under the LSS 4 programme which were referred to Fabulous Sunview by Suntech Energy. Please refer to Appendix F of this Prospectus for valuation certificate issued by an independent valuer for further details on the fair value of Suntech Energy.

Khoo Kah Kheng is our Executive Director / CPDO and director of our subsidiaries, namely Suntech Energy and Solarcity REIT. He is also a shareholder of our Company via his shareholdings in NEC. Ng Chee Yee is a shareholder of our Company.

The acquisition of Suntech Energy was completed on 8 December 2021.

#### (d) Pre-IPO Fund Raising

Pursuant to the subscription agreements dated 2 September 2021 and 15 September 2021 entered into between Fabulous Sunview and the Pre-IPO Investors, the Pre-IPO Investors had subscribed for a total of 365,500 Fabulous Sunview Shares at an issue price of RM60.19 each. The Pre-IPO Fund Raising was completed in 2 tranches on 30 September 2021 and 7 October 2021, respectively.

Further details of the Pre-IPO Fund Raising are as follows:

Pre-IPO Investors	No. of Fabulous Sunview Shares subscribed	Issue price per share (RM)	Total consideration (RM mil)
FIHB <sup>(1)</sup>	81,403	60.19	4.90
Soh Kah Woi	81,403	60.19	4.90
Khoo Kah Kheng	74,761	60.19	4.50
Ng Chee Yee	74,761	60.19	4.50
Evergreen Credit <sup>(2)</sup>	33,229	60.19	2.00
Oon Jin Hsiong	19,943	60.19	1.20
Total	365,500		22.00

#### Notes:

- (1) FIHB is a public company listed on the Main Market of Bursa Securities. The principal activity of FIHB is investment holding and through its subsidiaries, FIHB is engaged in the interior fit out works, contracts for construction works, manufacturing and export of furniture, and caseworks.
- (2) The shareholders of Evergreen Credit are Oong Boon Eok, Wong Kam Mun and Mok Chin Meng. The principal activity of Evergreen Credit is investment holding which involved in the business of importers, retailers, distributors, agents, and dealers in sport garment apparel and outdoor equipment.

The Pre-IPO Fund Raising was undertaken mainly to fund the Group's newly secured projects without incurring interest cost as compared to bank borrowings. Fabulous Sunview had raised a total proceeds of approximately RM22.00 million from the Pre-IPO Fund Raising, and the proceeds have been fully utilised for our working capital purposes to fund our Group's projects. Further details of the working capital are set out as follows:

Purposes	RM'000	<u>%</u>
Security collateral (1)	11,937	54.26
Payment to our suppliers	10,063	45.74
Total	22,000	100.00

#### Note:

(1) Comprises fixed deposits with licensed bank for performance bond and bankers cheques.

Upon completion of the Pre-IPO Fund Raising, the issued share capital of Fabulous Sunview increased to RM40,249,437.24 comprising 1,210,570 ordinary shares and 450,704 RCPS.

# (e) RCPS Redemption and issuance of ICPS

Pursuant to a subscription agreement dated 29 November 2021 entered into between Basil Power, Fabulous Sunview and our Promoters, namely Ong Hang Ping and Chow Kian Hung, Fabulous Sunview had on 29 November 2021 fully redeemed all 450,704 RCPS via a fresh issuance of 450,704 ICPS of RM16.00 million in Fabulous Sunview to Basil Power.

Fabulous Sunview had redeemed the 450,704 RCPS via a fresh issuance of the 450,704 ICPS as the issuance of ICPS will enhance the capital base of Fabulous Sunview. Upon completion of the RCPS Redemption and issuance of ICPS, the issued share capital of Fabulous Sunview was RM40,249,437.24 comprising 1,210,570 ordinary shares and 450,704 ICPS.

# (f) Share Transfer to NEC

On 30 November 2021, Ong Hang Ping, Chow Kian Hung and Khoo Kah Kheng entered into a share sale agreement to transfer their entire shareholdings in Fabulous Sunview amounting to 793,071 Fabulous Sunview Shares to NEC, an investment holding company held by them. Further details of the Share Transfer to NEC are set out below:

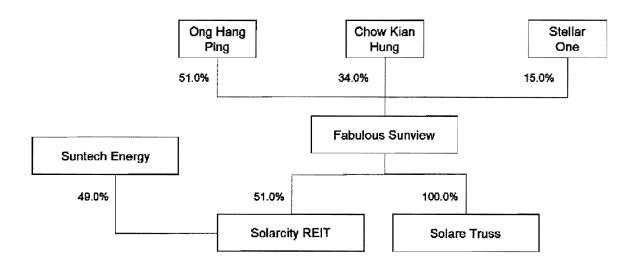
Name	No. of Fabulous Sunview Shares held before the Share Transfer to NEC	No. of Fabulous Sunview Shares transferred to NEC	As a % of total number of Fabulous Sunview Shares transferred to NEC
Ong Hang Ping	430,986	430,986	54.34%
Chow Kian Hung	287,324	287,324	36.23%
Khoo Kah Kheng	74,761	74,761	9.43%
Total	793,071	793,071	100.00%

The abovementioned shareholders undertook the Share Transfer to NEC, to streamline their respective shareholdings in Fabulous Sunview under one investment holding company. The Share Transfer to NEC did not involve the issuance of any new shares and as such, there had been no change in the issued share capital of Fabulous Sunview.

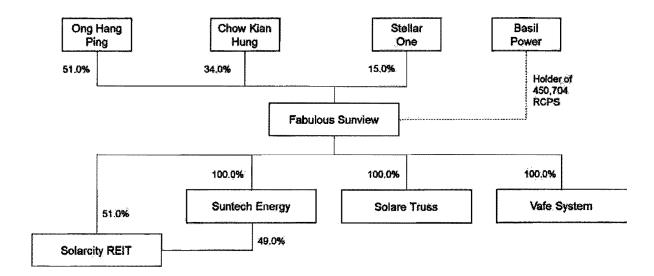
The Share Transfer to NEC was completed on 11 January 2022 and the individual percentage shareholding of each of the aforementioned persons in NEC is as per the percentage illustrated in the table above. Please refer to Section 5.1.2 of this Prospectus for further details on NEC.

The changes on the Fabulous Sunview group and shareholdings structure pursuant to the Pre-IPO Corporate Exercises are illustrated below:

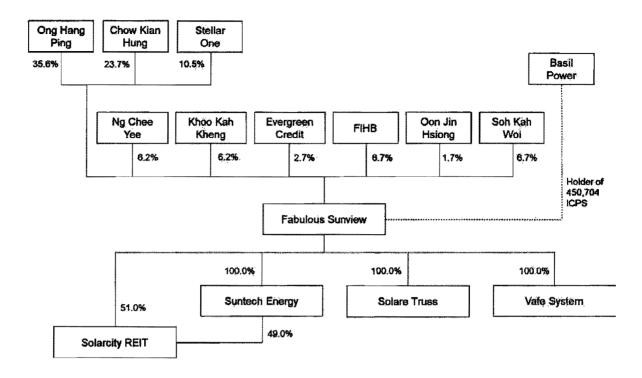
# **Before Pre-IPO Corporate Exercises**



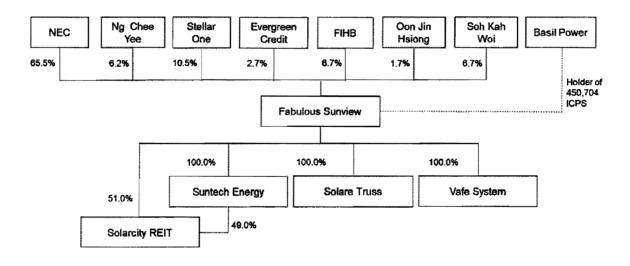
# After the acquisitions of Vafe System and Suntech Energy, and issuance of RCPS



# After the Pre-IPO Fund Raising, RCPS Redemption and issuance of ICPS



# **After Share Transfer to NEC**



#### 4.1.2 Listing Scheme

Our Listing Scheme in conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued share capital on the ACE Market involves the following:

- (a) Internal Reorganisation Exercise;
- (b) Public Issue:
- (c) Disposal by Basil Power; and
- (d) Listing.

# (a) Internal Reorganisation Exercise

# (i) ICPS Conversion

On 22 July 2022, all existing ICPS held by Basil Power had been converted into Fabulous Sunview Shares. The conversion ratio is fixed at 1 ICPS for 1 Fabulous Sunview Share on a fully diluted basis (that at the time of conversion, Fabulous Sunview has maintained the total issued share capital of 1,210,570 ordinary shares). Following the conversion, the issued share capital of Fabulous Sunview is RM40,249,437.24 comprising 1,661,274 ordinary shares.

#### (ii) Acquisition of Fabulous Sunview

On 20 December 2021, Sunview entered into a conditional share sale agreement to acquire the entire issued share capital of Fabulous Sunview of RM40,249,437.24 comprising 1,661,274 ordinary shares from the Fabulous Sunview Vendors for a purchase consideration of RM49,000,000. The acquisition was completed on 29 July 2022 and the said purchase consideration was entirely satisfied by the allotment and issuance of 349,999,998 new Shares at an issue price of RM0.14 per Share. The purchase consideration of RM49,000,000 was arrived at on a willing buyer-willing seller basis and after taking into account the pro forma consolidated NA of Fabulous Sunview as at 31 March 2021 of RM49,424,000 after the Pre-IPO Fund Raising and ICPS Conversion. Please refer to Section 11.5 of this Prospectus for the pro forma combined statements of financial position.

The 349,999,998 new Shares were issued to the Fabulous Sunview Vendors as follows:

Fabulous Sunview Vendors	No. of Fabulous Sunview Shares acquired	Shareholdings held in Fabulous Sunview (%) <sup>(1)</sup>	Purchase consideration (RM)	No. of Sunview Shares issued
NEC	793,071	47.74	23,391,975.00	167,085,531
Basil Power	450,704	27.13	13,293,710.50	94,955,075
Stellar One	126,760	7.63	3,738,841.00	26,706,010
FIHB	81,403	4.90	2,401,017.00	17,150,121
Soh Kah Woi	81,403	4.90	2,401,017.00	17,150,121
Ng Chee Yee	74,761	4.50	2,205,108.00	15,750,773
Evergreen Credit	33,229	2.00	980,104.00	7,000,742
Oon Jin Hsiong	19,943	1.20	588,227.50	4,201,625
Total	1,661,274	100.00	49,000,000.00	349,999,998

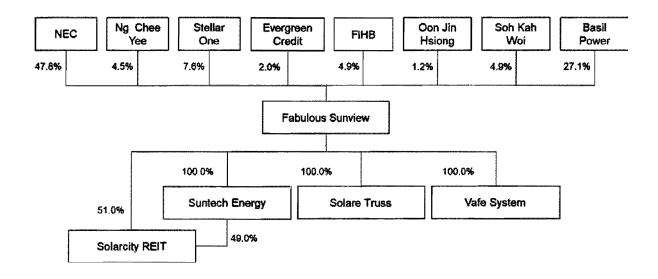
#### Note:

(1) Based on the shareholdings of the Fabulous Sunview Vendors in Fabulous Sunview after the ICPS Conversion.

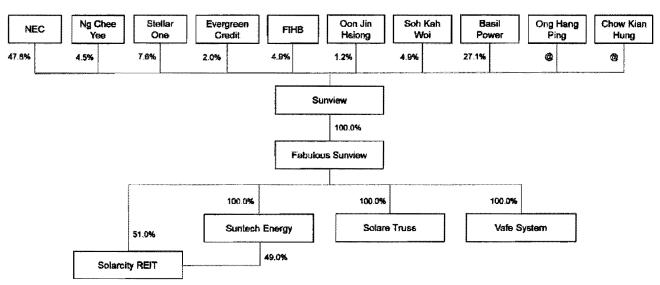
Upon completion of the Acquisition of Fabulous Sunview, our issued share capital increased to RM49,000,002 comprising 350,000,000 Shares.

Our Group structure after the ICPS Conversion and Acquisition of Fabulous Sunview are illustrated below:

# **After ICPS Conversion**



# After the Acquisition of Fabulous Sunview



# Note:

@ Consists of 1 subscriber's share held by Ong Hang Ping and Chow Kian Hung, respectively.

#### (b) Public Issue

The Public Issue of 118,000,000 new Sunview Shares, representing approximately 25.21% of our enlarged issued share capital upon Listing, at the IPO Price will be allocated and allotted in the following manner:

# (i) Malaysian Public

23,600,000 new Sunview Shares, representing 5.04% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which at least 50.00% is to be set aside strictly for Bumiputera investors.

Any IPO Shares under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- (a) Firstly, by the Eligible Persons under the Pink Form Allocation as described in Section 4.1.2(b)(ii) of this Prospectus;
- (b) Secondly, by our selected investors as described in Section 4.1.2(b)(iii) of this Prospectus; and
- (c) Lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

# (ii) Eligible Directors, employees and persons who have contributed to the success of our Group

9,000,000 new Sunview Shares, representing 1.92% of our enlarged issued share capital, will be made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group.

Our Pink Form Allocation will be in the following manner:

Eligibility	No. of persons	Aggregate number of IPO Shares allocated
Directors of Sunview <sup>(1)</sup>	8	900,000
Employees <sup>(2)</sup>	76	1,800,000
Persons who have contributed to the success of our Group <sup>(3)</sup>	101	6,300,000
Total	185	9,000,000

# Notes:

- (1) The criteria for allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group.
- (2) The criteria for allocation to the eligible employees of our Group (as approved by our Board) are based on, among others, the following factors:
  - The employee must be a full time employee and on the payroll of our Group; and

- (ii) The number of IPO Shares allocated to the eligible employees is based on their position, their length of service and their past performance / contribution as well as other factors deemed relevant by our Board.
- (3) The IPO Shares to be allocated to persons who have contributed to the success of our Group, comprising our business contacts, suppliers and customers, shall be based on their contribution to our Group and as approved by our Board.

The number of IPO Shares to be allocated to our Directors is as follows:

		Number of IPO Shares
Name	Designation	allocated
Zulkifly Bin Zakaria	Independent Non-Executive Chairman	112,500
Ong Hang Ping	Executive Director / CEO	112,500
Chow Kian Hung	Executive Director / COO	112,500
Khoo Kah Kheng	Executive Director / CPDO	112,500
Amin Ashari Bin Shafie	Non-Independent Non-Executive Director	112,500
Norashikin Binti Abdul Rani	Independent Non-Executive Director	112,500
Professor Ir. Dr. Nasrudin Bin Abd Rahim	Independent Non-Executive Director	112,500
Yap Chui Fan	Independent Non-Executive Director	112,500
Total		900,000

Any IPO Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription as follows:

- (a) Firstly, by other Eligible Persons;
- (b) Secondly, by the Malaysian Public as described in Section 4.1.2(b)(i) of this Prospectus;
- (c) Thirdly, by our selected investors as described in Sections 4.1.2(b)(iii) of this Prospectus; and
- (d) Lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at the LPD, save as disclosed in Section 4.3 of this Prospectus, to the extent known to our Company:

- (a) there are no substantial shareholders, Directors or key senior management of our Company who have indicated to us that they intend to subscribe for the IPO Shares; and
- (b) there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of the IPO Shares.

# (iii) Private placement to selected investors

85,400,000 new Sunview Shares, representing approximately 18.25% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

The IPO Shares reserved under the private placement to selected investors are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares have been / will be obtained from the respective selected investors. Any IPO Shares reserved for selected investors which are not taken up will be made available for subscription as follows:

- (a) firstly, by the Malaysian Public as described in Section 4.1.2(b)(i) of this Prospectus; and
- (b) secondly, by the Eligible Persons under the Pink Form Allocation as described in Section 4.1.2(b)(ii) of this Prospectus.

The basis of allocation of our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner.

There is no over-allotment or "greenshoe" option that will result in an increase in the amount of IPO Shares.

The salient terms of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

#### (c) Disposal by Basil Power

During the Prescribed Period, Basil Power will dispose of part of its shareholdings in conjunction with the IPO amounting to 40,734,934 Sunview Shares to Ong Hang Ping and Chow Kian Hung. The disposal consideration will be settled in 2 tranches as follows:

- (i) RM0.2952 per Sunview Share or 5% discount to the IPO Price, whichever is higher for 35,000,000 Sunview Shares; and
- (ii) RM0.2952 per Sunview Share or 5% premium to the IPO Price or 10-days VWAP of Sunview Shares before the end of the 6-months period from the Listing date, whichever is higher for the remaining 5,734,934 Sunview Shares.

Further details of the disposal of the 40,734,934 Sunview Shares by Basil Power to Ong Hang Ping and Chow Kian Hung are as follows:

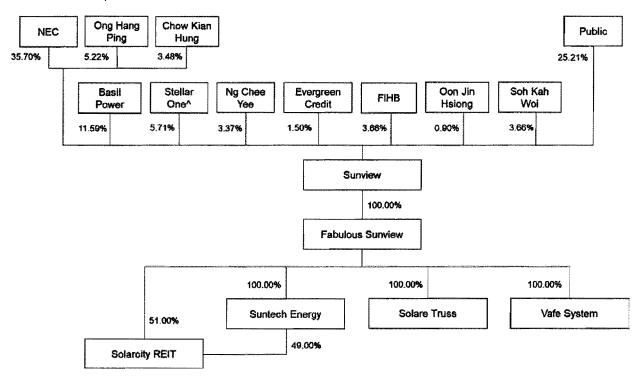
Name	No. of Sunview Shares held before Disposal by Basil Power	No. of Sunview Shares acquired from Basil Power	No. of Sunview Shares held after Disposal by Basil Power	%
Ong Hang Ping	1	24,440,960	24,440,961	5.22
Chow Kian Hung	1	16,293,974	16,293,975	3.48
Total	2	40,734,934	40,734,936	8.70

The above disposal of 40,734,934 Sunview Shares by Basil Power is to ensure that collectively, the shareholdings of our Promoters namely NEC, Ong Hang Ping and Chow Kian Hung will meet the moratorium requirements upon Listing. Please refer to Section 2.2 of this Prospectus for further details on the moratorium on sales of our Shares.

# (d) Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM83,220,002 comprising 468,000,000 Shares shall be listed on the ACE Market.

Our Group structure after the IPO is illustrated below:



# Note:

^ The major shareholders of Stellar One are Tiong Sun Teck, Lim Wai Ken and Leong Chia How. Please refer to Section 5.1.2 of this Prospectus for further details of Stellar One.

#### 4.1.3 Share Capital

Upon completion of our IPO, our share capital will be as follows:

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	350,000,000	49,000,002
New Shares to be issued pursuant to the Public Issue	118,000,000	34,220,000
Enlarged issued share capital upon Listing	468,000,000	83,220,002
IPO Price (RM)		0.29
- Pro forma combined NA per Share (based on our enlarged issued share capital after the IPO and after the use of proceeds raised from our Public Issue)		<b>RM</b> 0.19
- Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)		135,720,000

We only have 1 class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon allotment and issue, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by his / its representative under the instrument of proxy or certificate of appointment of corporate representative or power of attorney ("Representative"). On a vote by show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote for each Share held. A proxy may but need not be a shareholder of our Company.

#### 4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and AIS, as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:

# (i) Financial and operating history

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 2022, we recorded a PAT of RM8,886,604 representing an EPS of 1.90 sen (based on our enlarged issued share capital of 468,000,000 Shares upon Listing), which translates into a PE Multiple of 15.27 times based on the IPO Price.

Our detailed operating and financial history is set out in Sections 6 and 11 of this Prospectus, respectively.

# (ii) Business strategies

Our business strategies, which are as set out in Section 6.10 of this Prospectus.

# (iii) Competitive advantages and key strengths, and industry overview

Our competitive advantages and key strengths, and the industry overview, which are as set out in Sections 6.1.2 and 7 of this Prospectus, respectively.

# (iv) Pro forma combined NA

Our pro forma combined NA per Share as at 31 March 2022 of RM0.19 based on our enlarged issued share capital of 468,000,000 Shares upon Listing and after the use of proceeds raised from our Public Issue.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 8 of this Prospectus before deciding to invest in our Shares.

# 4.3 DILUTION

Dilution is the amount by which the IPO Price to be paid by investors for our IPO Shares exceeds our pro forma combined NA per Share after our IPO and it is illustrated as follows:

	RM
IPO Price	0.29
Pro forma combined NA per Share as at 31 March 2022 before Public Issue	0.16
Pro forma combined NA per Share after Public Issue and use of proceeds	0.19
Increase in NA per Share attributable to existing shareholders	0.03
Dilution in NA per Share to our new investors	0.10
Dilution in NA per Share to our new investors as a percentage of the IPO Price	34.48%

Save as disclosed below, there is no substantial disparity between our IPO Price and the effective cash cost of our Shares acquired by our Promoters, substantial shareholders, Pre-IPO Investors, Directors and / or key senior management or persons connected with them in any transaction from the date of our incorporation up to the date of this Prospectus:

Promoters, substantial shareholders, Pre-IPO Investors, Directors and / or key senior management or persons connected with them	No. of Shares held before Listing	No. of Shares held from Listing	Total consideration RM	Effective cash cost per Share RM
Promoters, substantial shareholders and Directors		///24.550.404	(2)7, 400, 474	0.00
Ong Hang Ping Chow Kian Hung	1	<sup>(1)</sup> 24,553,461 <sup>(1)</sup> 16,406,475	<sup>(2)</sup> 7,183,471 <sup>(2)</sup> 4,778,481	0.29 0.29
Promoter and substantial shareholder NEC Substantial shareholders	167,085,531	-	<sup>(5)</sup> 23,391,974	0.14
- prior to the Acquisition of Fabulous Sunview	26,706,010	-	(3)2,000,000	0.07
- pursuant to the Acquisition of Fabulous Sunview	26,706,010	-	<sup>(5)</sup> 3,738,841	0.14
Basil Power - prior to the Acquisition of Fabulous Sunview	94,955,075	-	<sup>(4)</sup> 15,999,992	0.17
- pursuant to the Acquisition of Fabulous Sunview	94,955,075	-	<sup>(5)</sup> 13,293,711	0.14

Promoters, substantial shareholders, Pre-IPO Investors, Directors and / or key senior management or persons connected with them	No. of Shares held before Listing	No. of Shares held from Listing	Total consideration RM	Effective cash cost per Share RM
Pre-IPO Investors(6)				
FIHB	17,150,121	-	(3)4,899,647	0.29
Soh Kah Woi	17,150,121	-	(3)4,899,647	0.29
Ng Chee Yee	15,750,773	-	(3)4,499,864	0.29
Evergreen Credit	7,000,742	-	(3)2,000,054	0.29
Oon Jin Hsiong	4,201,625	-	(3)1,200,369	0.29

# Notes:

- (1) After the Disposal by Basil Power and including subscription to their respective Pink Form Allocation.
- (2) Based on a minimum disposal consideration of RM0.2952 per Sunview Share for 24,440,960 Shares and 16,293,974 Shares to Ong Hang Ping and Chow Kian Hung, respectively pursuant to the Disposal by Basil Power as set out in Section 4.1.2 (c) of this Prospectus, and the IPO Price for their respective Pink Form Allocation.
- (3) Based on the amount of investment and the shares held prior to the IPO.
- (4) Based on the subscription price for the RCPS.
- (5) Based on purchase consideration for the Acquisition of Fabulous Sunview.
- (6) Khoo Kah Kheng, who is one of the Pre-IPO Investors has transferred all his equity interest in Fabulous Sunview into NEC and he does not hold any direct shareholdings in Sunview.

As at the date of this Prospectus, save for the Pink Form Allocation, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocation is based on our IPO Price.

# 4.4 USE OF PROCEEDS FROM OUR IPO

The total gross proceeds from our Public Issue will amount to RM34.22 million based on the IPO Price. We expect the proceeds to be used in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from the Listing date)
Business expansion	1,670	4.88	Within 24 months
Capital expenditure	1,855	5.42	Within 18 months
Working capital	20,095	58.72	Within 24 months
Repayment of bank borrowings	7,000	20.46	Within 3 months
Estimated listing expenses	3,600	10.52	Within 1 month
Total	34,220	100.00	

There is no minimum subscription to be raised from our IPO.

Pending eventual use, the proceeds raised from our Public Issue will be placed in interestbearing short-term deposits and / or money market instruments / funds with licensed financial institutions.

#### 4.4.1 Business expansion

We intend to allocate RM1.67 million, representing approximately 4.88% of the gross proceeds from our Public Issue, to set-up new offices in Johor, Malaysia to better serve our new and existing customers, establishing new complementary products for solar PV power applications as well as for marketing activities.

The breakdown of the business expansion costs is as follows:

RM'000
<sup>(1)</sup> 712 <sup>(2)</sup> 458
(3)500
1,670

#### Notes:

(1) Includes purchases of office equipment and furniture, office rental and payroll expenses for 5 project engineers, 3 business development personnel and 1 administrative staff for 24 months. The breakdown of the costs is as follows:

Johor Office	RM'000
Payroll expenses Office rental and purchase of office equipment and furniture	600 112
Total	712

The estimated build-up area of the new office is approximately 1,500 sq. ft and will be used as a branch office to house our technical and support personnel. Our new office in Johor will address opportunities in the southern region of Peninsular Malaysia. Consequently, our engineers in Johor will cover the southern region of Peninsular Malaysia, while engineers from our head office will cover all other regions in Malaysia.

(2) Part of our Group's strategies is to expand into the provision of complementary products for our solar PV business where we plan to provide complementary products including IoT solar energy system and current limiting reactor system for solar PV power applications. We plan to source these products from third party manufacturers as part of our complementary range of products for our solar PV business. We intend to allocate approximately RM0.46 million to fund the expansion into the provision of complementary products. The breakdown of the cost for the provision of complementary products is as follows:

Complementary products	RM'000
Purchase of current limiting reactor Purchase of IoT solar energy system	244 214
Total	458

We will offer the above complementary products as an add-on option for future bidding of new EPCC projects. We plan to source these products from third party manufacturers as part of our complementary range of products for our solar PV business and will be focusing on the basic function products as mentioned above. In the event of a demand for any new features or functions other than those above-mentioned, we will explore further with the third party manufacturers, if the need arises.

(3) We have earmarked RM0.50 million for marketing activities which will be used mainly for digital and conventional marketing activities including, among others, newspaper and magazine advertisement, social media advertisement and participating in online exhibition.

Any excess amount required for business expansion will be funded by internally generated funds. Please refer to Sections 6.10.2 and 6.10.3 of this Prospectus for further details on our business strategies in relation to our business expansion.

Our business expansion is expected to generate business opportunities for us, which in turn, will contribute positively to our revenue and earnings.

# 4.4.2 Capital expenditure

We intend to allocate approximately RM1.86 million, representing approximately 5.42% of the gross proceeds from our Public Issue, to purchase mechanical equipment, IT related system and electrical equipment over 18 months from the Listing date. The purchase of the mechanical equipment, IT related system and electrical equipment will support our existing and new EPCC projects. The breakdown of the said purchases is as follows:

Capital expenditure	RM'000
Purchase of mechanical equipment (including vehicles for project sites)	<sup>(1)</sup> 1,130
Purchase of IT related system Purchase of electrical equipment	<sup>(2)</sup> 554 <sup>(3)</sup> 171
Total	1,855

# Notes:

(1) Mechanical equipment includes piling equipment, construction lifts such as boom lifts and scissor lifts, vehicles for project sites and panel cleaning equipment. The estimated breakdown of the costs for these purchases is as follows:

Name	No. of unit(s)	Description	Total estimated costs RM'000
Piling equipment	3	For piling of solar farm	345
Construction lifts	2	For material delivery and transportation at site	285
Vehicles for project sites	2	For transportation at project sites by the site and O&M team	260
Panel cleaning equipment	2	For cleaning of solar modules	240
		- -	1,130

(2) IT related system includes hardware and software for solar PV applications. The estimated breakdown of the costs for these purchases is as follows:

Name	No. of unit(s)	Description	Total estimated costs RM'000
IT hardware – Server and cloud system	1	For IT and database control	400
IT software – Monday.com	1	For project management	66
IT software – Solargis	1	For solar data subscription	48
IT software – AutoCAD	5	For mechanical and electrical drawing	30
IT software – PVsyst	4	For solar PV system design and simulation	10
			554

(3) Electrical equipment includes thermal imaging cameras, power quality measurement instruments and solar PV testers. The estimated breakdown of the costs for these purchases is as follows:

Name	No. of unit(s)	Description	Total estimated costs RM'000
Power quality measurement instruments	2	For load analysis	79
Thermal imaging cameras	2	To check and detect micro crack on solar module and to track high temperature regions (hot spots)	78
Solar PV testers	2	To check and analyse the functionality of solar system	14
		=	171

Any excess amount required for capital expenditure will be funded by internally generated funds and/or bank borrowings. Please refer to Section 6.10.4 of this Prospectus for further details on our business strategies in relation to capital expenditure.

# 4.4.3 Working capital

Approximately RM20.10 million, representing approximately 58.72% of the gross proceeds from our Public Issue, has been earmarked to supplement the working capital requirements of our Group. Our Group's working capital requirements are expected to increase in tandem with the expected growth in our business. The breakdown of which is as follows:

Working capital	RM'000		
Construction bonds for EPCC projects <sup>(1)</sup>	8,000		
Purchase of materials for EPCC solar PV system projects <sup>(2)</sup>	7,200		
General working capital <sup>(3)</sup>	4,819		
Training and development expenses <sup>(4)</sup>	76		
Total	20,095		

#### Notes:

- (1) We have earmarked RM8.00 million of the gross proceeds from our Public Issue for construction bonds, including but not limited to, defect liability bonds, tender bonds, performance bonds, advance payment bonds and tender bid bonds, for our future EPCC projects to be utilised within 24 months from our Listing date. These bonds typically come in the form of bank guarantees issued by financial institutions. The financial institutions would require a form of security collateral to be pledged with the financial institutions prior to the issuance of bank guarantees.
- (2) We have earmarked RM7.20 million of the gross proceeds from our Public Issue for purchase of materials for our EPCC solar PV system projects based on the potential contracts that we are currently pursuing. The materials include, amongst others, solar PV modules, inverters and cables. We expect to utilised the proceeds for the purchase of these materials within 12 months from our Listing date.
- (3) General working capital includes the following:

Description	RM'000
Payment to our suppliers and subcontractors	3,519
Hiring of new employees to ensure sufficient resources to cater for our ongoing and future projects	555
Payment for administration and operating expenses such as office related expenses	430
Application fees to authority for our solar PV system projects	315
Total	4,819

The amount earmarked for general working capital of RM4.82 million will be utilised within 24 months from our Listing date.

(4) Being training and development expenses for our employees for their professional development and to ensure all our employees are equipped with the latest technical knowledge, which will utilised within 12 months from our Listing date.

The Group had in the past and currently been funding its working capital via bank borrowings and internally generated funds. Therefore, the above working capital allocation from our Public Issue is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

#### 4.4.4 Repayment of borrowings

We intend to allocate RM7.00 million, representing approximately 20.46% of the gross proceeds from our Public Issue, to pare down part of our Group's outstanding borrowings. The details are as set out in the table below:

Name of financial institution / Type of facility	Purpose	Interest rate per annum	Principal amount	Balance as at the LPD	Amount to be repaid from gross proceeds
			RM'000	RM'000	RM'000
AIS / Term loan	Acquisition of Suntech Energy	Base financing rate + 0.25%	12,000	12,000	7,000
Total				12,000	7,000

The repayment of the above-mentioned borrowings is expected to have a positive financial impact on our Group with interest savings of approximately RM0.43 million per annum based on existing prevailing interest rates of 6.17% for the term loan. However, the actual interest savings may vary depending on the applicable interest rate.

#### 4.4.5 Estimated listing expenses

Our listing expenses are estimated to be RM3.60 million, details of which are as follows:

Estimated listing expenses	RM'000
Professional fees <sup>(1)</sup>	2,400
Fees to authorities	70
Estimated underwriting, placement and brokerage fees	850
Printing and advertising	180
Contingencies <sup>(2)</sup>	100
Total	3,600

#### Notes:

- (1) Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants and IMR.
- (2) Other incidental or related expenses in connection with the IPO, which include fees to translators, media related expenses and IPO event expenses.

If the actual listing expenses are higher than budgeted, the deficit will be funded out of the proceeds allocated for general working capital under working capital purposes. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

# 4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

#### 4.5.1 Brokerage fee

We will bear the brokerage fees to be incurred on the issue of the 32,600,000 IPO Shares pursuant to the IPO under Sections 4.1.2(b)(i) and 4.1.2(b)(ii) of this Prospectus at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of AIS, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

# 4.5.2 Underwriting commission

AIS, as our Sole Underwriter, has agreed to underwrite 32,600,000 IPO Shares to be made available for application under as set out in Sections 4.1.2(b)(i) and 4.1.2(b)(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.50% of the total value of the IPO Shares underwritten at the IPO Price.

#### 4.5.3 Placement fee

AIS, as our Placement Agent, has agreed to place out 85,400,000 IPO Shares available for placement to selected investors under Section 4.1.2(b)(iii) of this Prospectus. We are obliged to pay our Placement Agent a placement fee at the rate of 2.00% of the IPO Price for each IPO Share to be placed out by our Placement Agent.

#### 4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We had on 1 September 2022 entered into the Underwriting Agreement with our Sole Underwriter, whereby our Sole Underwriter has agreed to underwrite 32,600,000 IPO Shares ("Underwritten Shares"), upon the terms and subject to the conditions as set out in the Underwriting Agreement.

A summary of the salient terms of the Underwriting Agreement are as follows:

- 4.6.1 The several obligations of the Sole Underwriter under the Underwriting Agreement shall be conditional upon:
  - (a) the approval referred to in Section 2.1 and the clearance of the Prospectus from Bursa Securities and the lodgement of the Prospectus with the Companies Commission of Malaysia respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;
  - (b) the issuance of the Prospectus (including advertisement of the Prospectus and all other procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date of the Underwriting Agreement or such extension as consented by the Sole Underwriter;
  - (c) there having been, as at any time hereafter up to and including the closing date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Group (which in the reasonable opinion of the Sole Underwriter is or will be material in the context of the Listing and IPO) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the closing date;
  - (d) the issue, offering and subscription of the public issue shares in accordance with the provisions hereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

- (e) all necessary approvals and consents required in relation to the Listing and IPO including but not limited to governmental approvals having been obtained and are in full force and effect:
- (f) the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (g) the delivery to the Sole Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the directors and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Listing, the IPO and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate, in the form or substantially in the form contained in second schedule of the Underwriting Agreement, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, after having made all reasonable enquiries, there has been no such material adverse condition as referred to in the Underwriting Agreement;
- (h) the delivery to the Sole Underwriter on the closing date of such reports and confirmations dated the closing date from the Board of Directors as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date;
- (i) the Sole Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market of Bursa Securities without undue delay; and
- (j) Receipt by the Sole Underwriter of all placement monies in respect of the placement shares.
- 4.6.2 In the event any of the conditions set forth in the Underwriting Agreement are not satisfied by the closing date, the Sole Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than 3 market days after the closing date and upon such termination the Company and the Sole Underwriter shall be released and discharged from their obligations save for the Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for the surviving cost as provided in the Underwriting Agreement). The Sole Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement.
- 4.6.3 The Sole Underwriter may by notice in writing to the Company given at any time on or before the allotment and issuance of the public issue shares and pink form shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
  - (a) there is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the closing date, whichever is earlier, or withholding of information of a material nature from the Sole Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution of the public issue shares; or

- (b) there is withholding of information of a material nature from the Sole Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group and the success of the Public Issue, the distribution of the public issue shares or the Listing; or
- (c) there shall have occurred, happened or come into effect in the opinion of the Sole Underwriter any material and/or adverse change to the business or financial condition of the Group; or
- (d) there shall have occurred, happened or come into effect any of the following circumstances:
  - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Company and/or the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, pandemic, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Sole Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Group or the success of the Listing and IPO, or the distribution of the public issue shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
  - (iii) the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any market day:
    - (1) on or after the date of the Underwriting Agreement; and
    - (2) prior to the allotment of the public issue shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the market day immediately prior to such date and remains at or below that level for at least 3 market days; or

- (iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (e) there is failure on the part of the Company to perform any of their respective obligations contained in the Underwriting Agreement; or
- (f) any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
- (g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on the Company pursuant to the indemnities contained in the Underwriting Agreement; or

- (h) any consent, approval, authorisation or other order required by the Company under the laws of Malaysia for or in connection with the IPO and Listing, including but not limited to the approval or approval-in-principle of Bursa Securities for the listing of and quotation of the public issue shares on the ACE Market of Bursa Securities, is withdrawn, revoked or not procured; or
- (i) Listing of the public issue shares does not take place within 3 months from the date of the Underwriting Agreement or such other later date as consented by the Sole Underwriter in writing.
- 4.6.4 Upon such notice(s) being given pursuant to Section 4.6.3 above, the Sole Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees pursuant to the Underwriting Agreement, and for any antecedent breach, and its undertaking to indemnify the Sole Underwriter pursuant to the Underwriting Agreement.

# 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

# 5.1 PROMOTERS AND / OR SUBSTANTIAL SHAREHOLDERS

# 5.1.1 Promoters' and / or substantial shareholders' shareholdings

Our Promoters and / or substantial shareholders and their respective shareholdings in our Company before and after our IPO are as follows:

	Nationality / Country of Incorporation	Before our IPO / As at the LPD			After our IPO					
		Direct Indire		Indirect	t Direct			Indirect	ndirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	
Promoters and substantial shareholders										
NEC	Malaysia	167,085,531	47.74	-	-	167,085,531	35.70	-	-	
Ong Hang Ping	Malaysian	1	#	<sup>(3)</sup> 167,085,531	<sup>(3)</sup> 47.74	@24,553,461	5.25	<sup>(3)</sup> 167,085,531	<sup>(3)</sup> 35.70	
Chow Kian Hung	Malaysian	1	#	<sup>(3)</sup> 167,085,531	(3)47.74	@16,406,475	3.50	<sup>(3)</sup> 167,085,531	<sup>(3)</sup> 35.70	
Substantial shareholders										
Stellar One	Malaysia	26,706,010	7.63	-	-	26,706,010	5.71	-	-	
Basil Power	Malaysia	94,955,075	27.13	-	-	^54,220,141	11.59	-	-	
Tiong Sun Teck	Malaysian	-	-	(4)26,706,010	<sup>(4)</sup> 7.63			(4)26,706,010	<sup>(4)</sup> 5.71	
Lim Wai Ken	Malaysian	-	-	<sup>(4)</sup> 26,706,010	<sup>(4)</sup> 7.63			(4)26,706,010	<sup>(4)</sup> 5.71	
Prize Wings Sdn Bhd	Malaysia	-	-	<sup>(5)</sup> 94,955,075	<sup>(5)</sup> 27.13	-	~	<sup>(5)</sup> 54,220,141	<sup>(5)</sup> 11.59	
AGTF Solar Ltd	British Virgin Islands	-	-	<sup>(6)</sup> 94,955,075	<sup>(6)</sup> 27.13	-	-	<sup>(6)</sup> 54,220,141	<sup>(6)</sup> 11.59	
Asia Greentech Fund I LP	Cayman Islands	-	-	<sup>(7)</sup> 94,955,075	<sup>(7)</sup> 27.13	-	-	<sup>(7)</sup> 54,220,141	<sup>(7)</sup> 11.59	
Melur Investment Limited	Malaysia	-	-	<sup>(8)</sup> 94,955,075	(8)27.13	-	-	(8)54,220,141	<sup>(8)</sup> 11.59	
Cardina International Company Limited	Cayman Islands	-	-	(8)94,955,075	<sup>(8)</sup> 27.13	-	-	<sup>(8)</sup> 54,220,141	<sup>(8)</sup> 11.59	
MAVCAP	Malaysia	-	_(	<sup>9)</sup> 94,955,075	<sup>(9)</sup> 27.13	-	-	(9)54,220,141	<sup>(9)</sup> 11.59	
MoF Inc.	Malaysia	-	_(	<sup>10)</sup> 94,955,075	(10)27.13	-	-	<sup>(10)</sup> 54,220,141	(10)11.59	

# 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

	Nationality / Country of Incorporation	Before our IPO / As at the LPD			After our IPO			
		Direct	Indirect	t	Direct	Indirect		
		No. of Shares	% <sup>(1)</sup> No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup> No. of Shares	% <sup>(2)</sup>	
Kasen International Company Limited	Cayman Islands	-	- (11)94,955,075	<sup>(11)</sup> 27.13	-	- <sup>(11)</sup> 54,220,141	(11)11.59	
Kasen International Holdings Ltd	Cayman Islands	-	- <sup>(12)</sup> 94,955,075	<sup>(12)</sup> 27.13	-	- <sup>(12)</sup> 54,220,141	<sup>(12)</sup> 11.59	

#### Notes:

- # Negligible.
- @ Including the Disposal by Basil Power of 24,440,960 Shares and 16,293,974 Shares to Ong Hang Ping and Chow Kian Hung, respectively and 112,500 Shares under the Pink Form Allocation.
- ^ After the Disposal by Basil Power of 24,440,960 Shares and 16,293,974 Shares to Ong Hang Ping and Chow Kian Hung, respectively.
- (1) Based on our issued share capital of 350,000,000 Shares after the Acquisition of Fabulous Sunview but before our IPO.
- (2) Based on our enlarged issued share capital of 468,000,000 Shares after the Disposal by Basil Power and Public Issue pursuant to the IPO.
- (3) Deemed interested by virtue of his shareholdings in NEC pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholdings in Stellar One pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of its shareholdings in Basil Power pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of its shareholdings in Prize Wings Sdn Bhd pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of its shareholdings in AGTF Solar Ltd pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of its shareholdings in Asia Greentech Fund I LP pursuant to Section 8(4) of the Act.
- (9) Deemed interested by virtue of its shareholdings in Melur Investment Limited pursuant to Section 8(4) of the Act.
- (10) Deemed interested by virtue of its shareholdings in MAVCAP pursuant to Section 8(4) of the Act.
- (11) Deemed interested by virtue of its shareholdings in Cardina International Company Limited pursuant to Section 8(4) of the Act.
- (12) Deemed interested by virtue of its shareholdings in Kasen International Company Limited pursuant to Section 8(4) of the Act.

#### 5.1.2 Profile of Promoters and / or substantial shareholders

#### **NEC**

Promoter and substantial shareholder

NEC was incorporated on 17 February 2021 in Malaysia under the Act as a private limited company. The principal activity of NEC is investment holding.

As at the LPD, the issued share capital of NEC is RM4,948,863.04 comprising 793,171 ordinary shares.

As at the LPD, the directors of NEC are Ong Hang Ping and Chow Kian Hung, and the shareholders of NEC and their respective shareholdings are as follows:

		Direct		Indirect	
Shareholders	Nationality	No. of shares	%	No. of shares	<u>%</u>
Ong Hang Ping	Malaysian	<sup>(1)</sup> 431,046	54.34	-	-
Chow Kian Hung	Malaysian	<sup>(2)</sup> 287,364	36.23	-	-
Khoo Kah Kheng	Malaysian	74,761	9.43	-	-

#### Notes:

- Include 60 subscriber's shares.
- (2) Include 40 subscriber's shares.

## **Ong Hang Ping**

Promoter, substantial shareholder and Executive Director / CEO

Ong Hang Ping, a Malaysian, aged 36, is our Executive Director / CEO. He was appointed to our Board on 25 May 2021.

He graduated from the Universiti Malaya, Malaysia with a Bachelor of Electrical Engineering in 2009. He is a registered Graduate Engineer of the Board of Engineers Malaysia since 2011. He holds a Grid-Connected Solar Photovoltaic (GCPV) certificate since 2014 and is accredited by the Institute for Sustainable Power Quality (ISPQ) for the design and installation of grid connected photovoltaic since 2010.

He started his career with Sharp Electronics (Malaysia) Sdn Bhd as a Solar Design Engineer in 2009 where he was mainly involved in solar system design, and coordination, inspection and supervision of solar system installation. In 2010, he left Sharp Electronics (Malaysia) Sdn Bhd and joined Grandpine Capital Sdn Bhd as an Investment Executive & Analyst for 6 months. Subsequently, he joined Solar Sentinel Sdn Bhd in 2011 as a Solar System Integrator Managing Coordinator where his main responsibility was overseeing the company's day-to-day operations and the coordination and implementation of the company's EPCC works for solar PV facility projects. He left Solar Sentinel Sdn Bhd in 2013 and took approximately 4 months break. In 2014, he joined Green Magnitude Sdn Bhd, a company principally involved in the installation of solar panels and related activities, as a director. He resigned as director of Green Magnitude Sdn Bhd in 2020 when the company was taken over by a new owner.

Since 2015, he has been a director and shareholder of Fabulous Sunview where he was instrumental in the growth and development of our business operations over the years. He was mainly involved in overseeing Fabulous Sunview's day-to-day operations, developing business strategies and providing technical advice for solar PV facility projects. He assumed his position as Executive Director / CEO of our Group in 2021, and he is currently responsible for driving the future direction of our Group and the development of our business strategies.

He is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

## **Chow Kian Hung**

Promoter, substantial shareholder and Executive Director / COO

Chow Kian Hung, a Malaysian, aged 36, is our Executive Director and COO. He was appointed to our Board on 25 May 2021.

He graduated in 2008 from Liverpool John Moores University, United Kingdom with a Degree of Bachelor of Arts (Commerce). He subsequently obtained a Master of Business Administration from the same university in 2010.

He started his career with Wipro Unza (Malaysia) Sdn Bhd as a Key Account Representative in 2010 where he was mainly responsible in planning and executing promotional plans, ensuring good product merchandising and maintaining key account sales performance report. In 2012, he was promoted to Key Account Executive where he was mainly responsible in formulating and implementing sales plan, developing, planning and implementing business and promotion programs and preparing and conducting business review with designated key account customers. He left Wipro Unza (Malaysia) Sdn Bhd in 2013 and joined Mileon Micron Precision Sdn Bhd in the same year as Assistance Sales & Project Manager where his role was mainly to support Project Manager in the planning and execution of a client's project. He left Mileon Micron Precision Sdn Bhd in the same year.

His career with Fabulous Sunview started in 2013 as a Sales & Project Manager. As a Sales & Project Manager, he was responsible in ensuring resource availability and allocation, developing detailed project plan to monitor and track project's progress and building and maintaining business relationship with customers. He later became a shareholder in 2015, and a director in 2018, of Fabulous Sunview. Since he joined Fabulous Sunview, he has been actively involved in monitoring project progress and ensuring project quality, making strategic decisions and leading project managers in implementing the company's strategic plans. He assumed his position as Executive Director / COO of our Group in 2021, and he is currently responsible for overseeing the Group's day-to-day operations and project execution.

He is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

#### Stellar One

Substantial shareholder

Stellar One, a substantial shareholder, was incorporated on 6 March 2019 in Malaysia under the Act as a private limited company. The principal activity of Stellar One is investment holding solely for the investment in our Group. It does not have any subsidiary or carry out any other business activities.

As at the LPD, the issued share capital of Stellar One is RM2,000,000 comprising 200,000 ordinary shares. Stellar One became a shareholder of Fabulous Sunview on 28 June 2019. Stellar One's role is solely as an investor of our Group and they are not involved in the day-to-day operations of our Group.

As at the LPD, the directors of Stellar One are Lim Wai Ken and Leong Chia How. The major shareholders of Stellar One and their respective shareholdings are as follows:

		Direct		Indirect	
Major shareholders	Nationality	No. of shares	%	No. of shares	%
Tiong Sun Teck	Malaysian	42,000	21.00	-	
Lim Wai Ken	Malaysian	24,200	12.10	(1)36,000	18.00
Leong Chia How	Malaysian	21,000	10.50	(2)4,000	2.00

#### Notes:

- (1) Deemed interested by virtue of his spouse's, parents' and sibling's direct shareholdings in Stellar One pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his spouse's direct shareholdings in Stellar One pursuant to Section 8 of the Act.

There are no family relationships between the major shareholders of Stellar One.

#### **Basil Power**

Substantial shareholder

Basil Power, a substantial shareholder, was incorporated on 5 October 2020 in Malaysia under the Act as a private limited company. The principal activity of Basil Power is investment holding. Basil Power was established as an investment vehicle to hold the investments of Asia Greentech Fund I LP in our Group.

As at the LPD, the issued share capital of Basil Power is RM1 comprising 1 ordinary share, held by Prize Wings Sdn Bhd.

As at the LPD, the directors of Basil Power are Amin Ashari Bin Shafie and Moo Shing Tyng.

#### Prize Wings Sdn Bhd

Substantial shareholder

Prize Wings Sdn Bhd was incorporated on 7 July 2020 in Malaysia under the Act as a private limited company.

Prize Wings Sdn Bhd is our substantial shareholder by virtue of its direct interest in Basil Power. The principal activity of Prize Wings Sdn Bhd is investment holding.

As at the LPD, the issued share capital of Prize Wings Sdn Bhd is RM1,000 comprising 1,000 ordinary shares, all held by AGTF Solar Ltd.

As at the LPD, the directors of Prize Wings Sdn Bhd are Moo Shing Tyng and Fung Ka Lun.

## **AGTF Solar Ltd**

Substantial shareholder

AGTF Solar Ltd was incorporated on 29 September 2020 in British Virgin Islands under the BVI Business Companies Act 2004 as a private limited company.

AGTF Solar Ltd is our substantial shareholder by virtue of its direct interest in Prize Wings Sdn Bhd. The principal activity of AGTF Solar Ltd is investment holding.

As at the LPD, the issued share capital of AGTF Solar Ltd is USD1 comprising 1 ordinary share which is held by Asia Greentech Fund I LP.

As at the LPD, the directors of AGTF Solar Ltd are Moo Shing Tyng and Fung Ka Lun.

### Asia Greentech Fund I LP

Substantial shareholder

Asia Greentech Fund I LP was formed on 17 January 2020 in Cayman Islands under the Exempted Limited Partnership as a partnership.

Asia Greentech Fund I LP is our substantial shareholder by virtue of its direct interest in AGTF Solar Ltd. Asia Greentech Fund I LP was established principally to achieve long-term capital appreciation through investment in equity and / or equity oriented securities of companies operating in green energy and green technology in Asia.

As at the LPD, the particulars of the partners of Asia Greentech Fund I LP are set out below:

			Direct	
Partners	Type of partnership	Country of Incorporation	Capital Commitment	%
Melur Investment Limited	Limited partner	Malaysia	USD10,000,000	50%
Cardina International Company Limited	Limited partner	Cayman Islands	USD10,000,000	50%
Asia Greentech Capital Limited	General partner	Cayman Islands	-	-

#### Melur Investment Limited

Substantial shareholder

Melur Investment Limited was incorporated on 22 December 2017 in Malaysia under the Labuan Companies Act 1990 as a private limited company.

Melur Investment Limited is our substantial shareholder by virtue of its direct interest in Asia Greentech Fund I LP. The principal activity of Melur Investment Limited is investment holding.

As at the LPD, the issued share capital of Melur Investment Limited is USD18,310,208.00 comprising 18,310,208 ordinary shares and USD2,433,807.00 comprising 2,433,807 preference shares, all held by MAVCAP.

As at the LPD, the director of Melur Investment Limited is Hafizam Bin Shamsudin.

### **Cardina International Company Limited**

Substantial shareholder

Cardina International Company Limited was incorporated on 13 August 2003 in Cayman Islands under the Laws of Cayman Islands as a private limited company.

Cardina International Company Limited is our substantial shareholder by virtue of its direct interest in Asia Greentech Fund I LP. The principal activity of Cardina International Company Limited is investment holding.

As at the LPD, the issued share capital of Cardina International Company Limited is USD1.01 comprising 101 ordinary shares, all held by Kasen International Company Limited.

As at the LPD, the directors of Cardina International Company Limited are Zhang Tao and Zhu Zhangjin.

### MAVCAP

Substantial shareholder

MAVCAP was incorporated on 19 April 2001 in Malaysia under the Companies Act 1965 and is deemed registered under the Act. MAVCAP is wholly owned by the MoF Inc.

MAVCAP is our substantial shareholder by virtue of its direct interest in Melur Investment Limited. MAVCAP is a venture capital firm which focuses on investments in the information and communication technology and high growth sectors and was established to realise the Government's vision to develop the local venture capital industry and encourage entrepreneurship in the technology sector.

As at the LPD, the directors of MAVCAP are Tunku Alizakri Bin Raja Muhammad Alias, Mohd Hisyamuddin Bin Awang Abu Bakar, Dato' Darawati Binti Hussain, Dato' Seri Wong Siew Hai, Zainal Abidin Bin Abu Hassan, Ruswati Binti Othman and Manokaran A/L Mottain, and an alternative director namely Imran Bin Abdullah.

#### MoF Inc.

Substantial shareholder

MoF Inc. is a body corporate established under the Minister of Finance (Incorporation) Act 1957. Under the Minister of Finance (Incorporation) Act 1957, MoF Inc. is granted the authority to enter into contracts and may acquire, purchase, take, hold and enjoy movable and immovable property of every description, and may convey, assign, surrender and yield up, charge, mortgage, demise, reassign, transfer or otherwise dispose of, or deal with, any movable or immovable property vested in MoF Inc. upon such terms as MoF Inc. deems fit.

## Kasen International Company Limited

Substantial shareholder

Kasen International Company Limited was incorporated on 20 December 2002 in Cayman Islands under the Laws of Cayman Islands as a private limited company.

Kasen International Company Limited is our substantial shareholder by virtue of its direct interest in Cardina International Company Limited. The principal activity of Kasen International Company Limited is investment holding.

As at the LPD, the issued share capital of Kasen International Company Limited is USD10.001 comprising 10,001 ordinary shares, all held by Kasen International Holdings Limited.

As at the LPD, the directors of Kasen International Company Limited are Zhang Tao, Shen Jianhong and Zhu Zhangjin.

## Kasen International Holdings Limited

Substantial shareholder

Kasen International Holdings Limited was incorporated on 19 December 2002 in Cayman Islands under the Cayman Islands Companies Law as a limited liability company.

Kasen International Holdings Limited is our substantial shareholder by virtue of its direct interest in Kasen International Company Limited. The principal activity of Kasen International Holdings Limited is investment holding principally engaged in manufacturing and trading of upholstered furniture, properties development, and tourism resort-related operations. Kasen International Holdings Limited is a public listed company on the Hong Kong Stock Exchange.

As at the LPD, the issued share capital of Kasen International Holdings Limited is USD224,046 comprising 1,493,636,881 ordinary shares.

As at the LPD, the directors of Kasen International Holdings Limited are Zhu Zhangjin, Zhu Ruijun, Zhou Xiaohong, Zhou Lingqiang, Du Haibo and Zhang Yuchuan.

### 5.1.3 Changes in our Promoters' and / or substantial shareholders' shareholdings

The changes in our Promoters' and / or substantial shareholders' shareholdings in our Company since incorporation up to the LPD are as follows:

#### After the Acquisition of Fabulous Sunview and As at incorporation as at the LPD **Direct** Indirect Direct Indirect No. of No. of %<sup>(2)</sup> No. of Shares %(1) %(2) **Shares Shares** %<sup>(1)</sup> No. of Shares Promoters and substantial shareholders 167,085,531 **NEC** 47.74 <sup>(3)</sup>167,085,531 (3)47.74Ong Hang Ping 50.00 Chow Kian Hung # <sup>(3)</sup>167.085.531 (3)47.7450.00 Substantial shareholders 26,706,010 7.63 Stellar One 94,955,075 **Basil Power** 27.13 (4)7.63 Tiong Sun Teck (4)26,706,010 (4)26,706,010 (4)7.63Lim Wai Ken (5)27.13 Prize Wings Sdn Bhd (5)94,955,075 (6)94,955,075 (6)27.13 AGTF Solar Ltd (7)27.13 <sup>(7)</sup>94,955,075 Asia Greentech Fund I LP (8)27.13 (8)94,955,075 Melur Investment Limited (8)27.13 (8)94,955,075 Cardina International Company Limited (9)27.13 **MAVCAP** (9)94,955,075 (10)27.13 MoF Inc. - <sup>(10)</sup>94,955,075 Kasen International Company Limited - (11)94,955,075 (11)27.13 - <sup>(12)</sup>94.955.075 (12)27.13 Kasen International Holdings Ltd

### Notes:

- # Negligible.
- (1) Based on our issued share capital of 2 Shares as at the date of incorporation.
- (2) Based on our issued share capital of 350,000,000 Shares after the Acquisition of Fabulous Sunview but before our IPO.
- (3) Deemed interested by virtue of his shareholdings in NEC pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholdings in Stellar One pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of its shareholdings in Basil Power pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of its shareholdings in Prize Wings Sdn Bhd pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of its shareholdings in AGTF Solar Ltd pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of its shareholdings in Asia Greentech Fund I LP pursuant to Section 8(4) of the Act.
- (9) Deemed interested by Basil Power by virtue of its shareholdings in Melur Investment Limited pursuant to Section 8(4) of the Act.
- (10) Deemed interested by virtue of its shareholdings in MAVCAP pursuant to Section 8(4) of the Act.
- (11) Deemed interested by virtue of its shareholdings in Cardina International Company Limited pursuant to Section 8(4) of the Act.
- (12) Deemed interested by virtue of its shareholdings in Kasen International Company Limited pursuant to Section 8(4) of the Act.

As at the LPD, our Promoters and / or substantial shareholders have the same voting rights with the other shareholders of our Group and there is no arrangement between Sunview and its shareholders with any third parties, the operation of which may at a subsequent date result in a change in control of our Company.

### 5.1.4 Promoters and / or substantial shareholders' remuneration and benefits

The dividend declared and paid by our Group in the FYE 2019 was RM1.20 million which was paid to the shareholders of Fabulous Sunview namely, Ong Hang Ping and Chow Kian Hung while we declared dividend amounting to RM1.00 million in the FYE 2020 which was paid in the FYE 2021 to the shareholders of Fabulous Sunview namely, Ong Hang Ping, Chow Kian Hung and Stellar One.

Save for the dividends paid or proposed to be paid, if any, to our Promoters and / or substantial shareholders and the aggregate remuneration and benefits paid or proposed to be paid to Ong Hang Ping and Chow Kian Hung for services rendered to our Group in all capacities for the FYE 2022 and FYE 2023 as set out in Section 5.4.1 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and / or substantial shareholders within the 2 years preceding the date of this Prospectus.

### 5.2 DIRECTORS AND KEY SENIOR MANAGEMENT

#### 5.2.1 Directors

Our Board comprises the following members:

			Date of	
Name	Age	Nationality	appointment	<b>Designation</b>
Zulkifly Bin Zakaria (M)	68	Malaysian	27 December 2021	Independent Non-Executive Chairman
Ong Hang Ping (M)	36	Malaysian	25 May 2021	Executive Director / CEO
Chow Kian Hung (M)	36	Malaysian	25 May 2021	Executive Director / COO
Khoo Kah Kheng (M)	42	Malaysian	27 December 2021	Executive Director / CPDO
Amin Ashari Bin Shafie (M)	48	Malaysian	27 December 2021	Non-Independent Non-Executive Director
Norashikin Binti Abdul Rani (F)	51	Malaysian	27 December 2021	Independent Non-Executive Director
Professor Ir. Dr. Nasrudin Bin Abd Rahim (M)	62	Malaysian	27 December 2021	Independent Non-Executive Director
Yap Chui Fan (F)	59	Malaysian	26 August 2022	Independent Non-Executive Director

### Notes:

- (M) Male.
- (F) Female.

#### 5.2.2 Profile of Directors

The profiles of our Directors are as follows:

### Zulkifly Bin Zakaria

Independent Non-Executive Chairman

Zulkifly Bin Zakaria, a Malaysian, aged 68, is our Independent Non-Executive Chairman. He was appointed to our Board on 27 December 2021. He graduated in 1976 from Universiti Teknologi MARA with a Diploma in Banking and subsequently obtained his Master in Business Administration in 1998 from the University of Wales in Cardiff, United Kingdom.

Zulkifly Bin Zakaria began his career in the banking and finance industry in 1976 with European Asian Bank, Kuala Lumpur (presently known as Deutsche Bank AG) as a Trainee where he mainly involved in the local bank operations. In the same year, he was sent to Germany for 3 years for training at the bank's head office and branches. In 1979, he returned to Malaysia and was appointed as the Head of Customer Service, Internal Audit and Import-Export where he was responsible for managing the overall operations of the bank's customer service, internal audit and import-export department. He left European Asian Bank in 1982.

In 1983, he joined Bank Islam Malaysia Berhad as a Manager and was mainly responsible for overseeing the trade finance division and operations of the credit department. He left Bank Islam Malaysia Berhad in 1991. In the same year, he joined ABN-AMRO Bank N.V. (Kuala Lumpur Branch) as a Division Manager for Malaysian Operations. He was mainly responsible for overseeing the credit processing, customer service and the overall operations of the Kuala Lumpur and Penang branches. He left ABN-AMRO Bank N.V. in 1994.

In 1994, he joined UMW Holdings Berhad ("UMW") as its Group Treasurer where he was responsible for managing and overseeing the group's finance and accounting matters. In 2002, he was appointed as the Executive Director of the oil and gas division of UMW Corporation Sdn Bhd, heading its newly formed oil and gas division. He was actively involved in the upstream sector through 5 main activities i.e. manufacture of oil and country tubular goods and line pipes, oil and gas exploration operations, fabrication, provision of oilfield services and supply of oilfield products. In 2009, he was promoted to the position of President of UMW Oil & Gas Berhad where he was mainly responsible for overseeing the overall operations of the oil and gas division within the group. He retired from the UMW group in 2011.

He is currently the Independent Non-Executive Chairman of Hiap Huat Holdings Berhad, a company listed on the ACE Market of Bursa Securities, a position he has held since 2011 and the independent director of Mooreast Holdings Ltd, a company listed on the Catalist board of the Singapore Exchange since 2021. He also sits on the board of the Perak Islamic Council's economic arm company namely Perbadanan Kemajuan Ekonomi Islam Negeri Perak ("**PKEINPK**") and its subsidiary companies.

He is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

### **Ong Hang Ping**

Executive Director / CEO

Please refer to Section 5.1.2 of this Prospectus for his profile.

## **Chow Kian Hung**

Executive Director / COO

Please refer to Section 5.1.2 of this Prospectus for his profile.

### Khoo Kah Kheng

Executive Director / CPDO

Khoo Kah Kheng, a Malaysian, aged 42, is our Executive Director / CPDO. He was appointed to our Board on 27 December 2021. He graduated in 2006 from Edith Cowan University, Western Australia with a Bachelor of Business in Finance.

Khoo Kah Kheng began his career in 2006 with HSBC Electronics Data Processing (Malaysia) Sdn Bhd as a Global Support Executive, where he was mainly responsible for trade investigation and settlement of Interest Rates Swap and Foreign Exchange Options. He left the bank in 2007 to join OCBC Bank (Malaysia) Berhad as a Management Associate. He was promoted to Manager in 2009, where he was responsible for managing the bank's foreign exchange and interest rates risk. He left OCBC Bank (Malaysia) Berhad in 2014 as Assistant Vice President. In the same year, he joined Suntech Energy, a company he co-founded in 2013 and became the director of Suntech Energy, where he is responsible for building relationships with customers. In 2021, Fabulous Sunview acquired Suntech Energy and he was appointed as our Group's Executive Director / CPDO. As our Group's Executive Director / CPDO, he is responsible for overseeing and managing the tendering process for LSS projects.

He is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

#### Amin Ashari Bin Shafie

Non-Independent Non-Executive Director

Amin Ashari Bin Shafie, a Malaysian, aged 48, is our Non-Independent Non-Executive Director. He was appointed to our Board on 27 December 2021 and is a representative of Basil Power on our Board. He graduated in 1998 from Kalamazoo Valley Community College with an Associate Degree in Arts and subsequently obtained his Bachelor of Business Administration in 1999 from Western Michigan University, United States of America ("USA").

He began his career with MSC Venture Corporation Sdn Bhd in 2000 as an Investment Analyst, where he was responsible for lead generation, deals assessment and recommending selected deals to the Investment Committee. Over the course of his employment, he was promoted to Investment Manager and subsequently became the Head of Investments, where he was responsible for, amongst others, overseeing the assessment of over 1,600 business plans and investment proposals and implementing investment strategies in line with the company's goals. He left in 2009 and founded QuestMark Capital Management Sdn Bhd, a venture capital management firm. As a founding partner, he was instrumental in the setting up of the firm's local operations, licensing matters, stakeholder relationship management and monitoring the firm's operations.

In 2014, he founded Intres Capital Partners Sdn Bhd, where he is responsible for, amongst others, overseeing the assessment of business plans and investment proposals and implementing investment strategies in line with the company's goals. He is also instrumental in the setting up of Malaysia's first corporate venture capital fund for digital industry, namely Axiata Digital Innovation Fund Sdn Bhd.

He is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

### Norashikin Binti Abdul Rani

Independent Non-Executive Director

Norashikin Binti Abdul Rani, a Malaysian, aged 51, is our Independent Non-Executive Director. She was appointed to our Board on 27 December 2021. She obtained a Professional Degree in Company Secretary and Administrator from The Institute of Chartered Secretaries and Administrators in 1995 and subsequently graduated from International Islamic University Malaysia with Bachelor of Accounting in the same year. She is also a member of Malaysian Institute of Accountants since 1998 and an associate member of The Chartered Governance Institute since 1999.

She began her career in 1995 with PricewaterhouseCoopers ("PwC") as an Audit Associate and left PwC in 1998 as an Audit Senior. In 1999, she joined Ahmad Zaki Resources Berhad, a company listed on the Main Market of Bursa Securities as a Group Accountant, where she was responsible for overseeing the accounting and financial related matters of the group. She left in 2000 to join TH Ladang (Sabah & Sarawak) Sdn Bhd as the Head of Accounts and Finance, where she was responsible for the accounts and finance function of the company.

In 2003, she left TH Ladang (Sabah & Sarawak) Sdn Bhd and joined Destini Berhad (formerly known as Satang Holdings Berhad) as General Manager of Finance and Accounts division, where she was responsible for the accounting and financial related matters of the group including preparation of budget, financial projections and quarterly reporting to Bursa Securities. In 2007, she was re-designated as the General Manager of Corporate Planning, where she was responsible for setting up the division and leading the business strategic planning, advising on compliance issues and liaising with Government bodies and agencies. In 2008, she left Destini Berhad and provides advisory services to companies on a freelance basis from 2008 to 2010.

She has been actively involved in many associations and organisations in Malaysia and overseas. She was a Chief Executive Officer of Cambodia Community Development Foundation from 2010 to 2020, where she was responsible for capital raising and coordinating welfare and charity events. She was also the Country Representative for Association for Charitable Assistance and Social Development Cambodia from 2015 to 2020. She had also been a consultant and committee member of Yayasan Amal Maaruf Malaysia and Koperasi Yayasan Amal Maaruf Malaysia Selangor Berhad from 2016 to 2017. In addition, she is a Board Member and Secretary of Koperasi Pusat Pengumpulan & Pengedaran Produk Negeri Selangor Berhad since 2016.

From 2016 to 2017, she was a Consultant and Treasury of 3Pteb (Holding) Sdn Bhd, where she was responsible for the accounting and financial related matters of the company. During the same period, she was also appointed as a Business Development Director of Silika Mutiara Sdn Bhd, where she was responsible for business development activities of the company.

In 2016, she incorporated a limited liability partnership, Riech Resources Training and Consultancy PLT ("Riech Resources PLT"). She is the founder and Managing Partner of Riech Resources PLT. Riech Resources PLT is principally engaged in providing personal development course, business management, accounting and tax consultancy services.

She was appointed as a Business Development Director in Facecomm Holdings Sdn Bhd from 2018 to 2020, where she was responsible for business development activities of the company. In 2021, she joined Massive Benchmark Sdn Bhd as a Consultant, where she was responsible for providing consultancy services relating to accounting, taxation and corporate advisory.

She is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

#### Professor Ir. Dr. Nasrudin Bin Abd Rahim

Independent Non-Executive Director

Professor Ir. Dr. Nasrudin Bin Abd Rahim, a Malaysian, aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 27 December 2021. He graduated with a Bachelor of Science (Hons) in Electrical and Electronic Engineering from University of Strathclyde in 1985 and obtained his Master's degree in Electrical Power Engineering from the same university in 1988. He also holds a Doctor of Philosophy degree in Power Electronics from Heriot-Watt University which he obtained in 1995.

He is also a Senior Member of the Institute of Electrical and Electronics Engineers USA since 2008, a Professional Engineer of the Board of Engineers Malaysia since 2017, a Chartered Engineer of the Institution of Engineering Council (United Kingdom) since 2001, Fellow of the Institution of Engineering and Technology (United Kingdom) since 2009, and a Fellow of the Academy of Science Malaysia since 2010.

He started his career as a lecturer in 1996 with University of Malaya ("UM") where he remained until his retirement in 2020. He has held various positions during his tenure with UM, namely Senior Professor, and Director and Founder of Higher Institution Centre of Excellence for UM Power Energy Dedicated Advanced Centre ("UMPEDAC"). His long career with UM has seen him helming various administrative positions such as Director of UM's Distance Learning Centre, Head of Department of Electrical Engineering and Deputy Dean of Research & Postgraduate Studies. Previously, he was appointed as a Distinguished Adjunct Professor at King Abdulaziz University, Jeddah, and a Visiting Research Professor at Queen's University, Belfast and other local universities.

He is specialised in the field of renewable energy system and policy, power electronics and energy efficiency system. He has contributed to various applied engineering fields by providing consultancies, conducting professional testing services to PV solar farm and offering specialised research facilities in solar inverter and solar PV module. In 2009, during his tenure, UMPEDAC was one of the six (currently 20) nationally acclaimed Higher Institutions' Centre of Excellence in Engineering Research Cluster by the Ministry of Higher Education.

He has published more than 350 journals, 150 conference papers and is the author of 4 books and 6 books chapters. He has been granted 3 patents and 16 are currently pending. He was the Project Leader for several research projects, including the Malaysian Building Integrated PV project that produced the first Made in Malaysia grid connected PV inverter.

He is also a director of various other private limited companies, details of which are as set out in Section 5.2.4 of this Prospectus.

### Yap Chui Fan

Independent Non-Executive Director

Yap Chui Fan, a Malaysian, aged 59, is our Independent Non-Executive Director. She was appointed to our Board on 26 August 2022.

She obtained her Diploma in Accounting from the London Chamber of Commerce and Industry in 1984. In 1999, she was certified as a registered accountant of the Malaysian Institute of Accountants ("MIA") and is a chartered accountant of MIA since 2001. She is also an associate and fellow member of the Association of Chartered Certified Accountants since 1999 and 2004, respectively.

In addition, Ms. Yap is an associate of the Chartered Tax Institute of Malaysia since 2003 and an associate of the ASEAN Chartered Professional Accountant since 2018. She is also a Registered Company Secretary with the Companies Commission of Malaysia since 2018.

She began her career in 1983 with Yeo Hiap Seng Trading Sdn Bhd as an Accounts Clerk, while studying for her Diploma in Accounting. She was responsible for handling the accounting matters of the company. In 1989, she was promoted to the position of Accounts Assistant, where she was responsible for handling general ledger reconciliation as well as financial analysis and reporting.

Subsequently in 1992, she left Yeo Hiap Seng Trading Sdn Bhd and joined Chocolate Products Trading Sdn Bhd in the same year as an Accounts Supervisor, where she was responsible for overseeing the accounting operations and financial reporting of the company. She was promoted to the position of Accounts Officer in 1993 and subsequently promoted to the position of Senior Finance Executive in 1996. Her responsibilities included, handling monthly financial reporting, credit control, consolidation of the company's accounts and financial analysis.

In 1999, she left Chocolate Products Trading Sdn Bhd and joined Taylor Nelson Sofres Malaysia Sdn Bhd in the same year as an Assistant Accounting Manager, where she was in charge of financial management, taxation, costing analysis and financial reporting.

In 2000, she left Taylor Nelson Sofres Malaysia Sdn Bhd and joined MIMOS Berhad in the same year as an Accountant, where she was responsible for overseeing the financial management of the company and implementing an enterprise resource planning software for the company.

In 2001, she left MIMOS Berhad and joined PJI Holdings Berhad (subsequently known as YFG Berhad, a company listed on the Main Market of Bursa Securities and subsequently delisted on 23 May 2019) in the same year as a Manager of Corporate Finance, where she was in charge of the listing and corporate exercise of the company. She was promoted to the position of Senior Manager of Corporate Finance in the same year, where she was responsible for the company's listing exercise.

In 2002, she assumed the role of Senior Manager of Group Finance & Accounts and was responsible for the financial planning, strategy and management of the company as well as statutory reporting and compliance related matters. In 2003, she was promoted to Head of Group Finance and Accounts, where she was responsible for overseeing the overall finance and accounting functions of the company and its subsidiaries. In 2005, she assumed the role of Director of Group Finance and Accounts. While she continued to be in charge of the group's entire finance and accounting functions, her job responsibilities as director also included, overseeing corporate exercises undertaken by the company, statutory compliance related matters, tax planning and treasury management.

In 2006, she left PJI Holdings Berhad and served Micron (M) Sdn Bhd, a subsidiary of Channel Micron Holdings Company Limited ("Channel Micron") from 2006 to 2015 as the Group Financial Controller, where she was responsible for overseeing human resource, administration and finance related functions, internal control and risk management of the group and corporate reporting matters. In 2016, pursuant to Channel Micron's internal reorganisation, she was transferred to Channel Systems Asia Sdn Bhd, a subsidiary of Channel Micron as the Group Financial Controller where she assumed the same responsibilities in addition to being in charge of the listing exercise of Channel Micron on the Hong Kong Stock Exchange. Channel Micron was successfully listed on the Main Board of Hong Kong Stock Exchange in 2020. In 2019, she assumed the role of Executive Director of Channel Micron until May 2022.

### 5.2.3 Directors' shareholdings

Our Directors and their respective shareholdings in our Company before and after our IPO are as follows:

## Before our IPO / As at the LPD

### After our IPO(3)

	Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	%(4)	No. of Shares	%(4)
Zulkifly Bin Zakaria	_	-	-	•	112,500	0.02	-	4
Ong Hang Ping	1	#	167,085,531	(2)47.74	@24,553,461	5.25	167,085,531	<sup>(2)</sup> 35.70
Chow Kian Hung	1	#	167,085,531	(2)47.74	@16,406,475	3.50	167,085,531	<sup>(2)</sup> 35.70
Khoo Kah Kheng	-	-	-	-	112,500	0.02	-	-
Amin Ashari Bin Shafie	-	-	-	-	112,500	0.02	-	-
Norashikin Binti Abdul Rani	-	-	-	-	112,500	0.02	-	-
Professor Ir. Dr. Nasrudin Bin Abd Rahim	-	-	-	••	112,500	0.02	-	-
Yap Chui Fan	-	-	-	-	112,500	0.02	-	-

### Notes:

- # Negligible.
- @ Including the Disposal by Basil Power of 24,440,960 Shares and 16,293,974 Shares to Ong Hang Ping and Chow Kian Hung, respectively and 112,500 Shares under the Pink Form Allocation.
- (1) Based on our issued share capital of 350,000,000 Shares before our IPO.
- (2) Deemed interested by virtue of his shareholdings in NEC pursuant to Section 8(4) of the Act.
- (3) Assuming our Directors will fully subscribe for their respective allocation under the Pink Form Allocation.
- (4) Based on our enlarged issued share capital of 468,000,000 Shares after the Disposal by Basil Power and Public Issue pursuant to the IPO.

## 5.2.4 Principal business activities and directorships in other corporations outside of our Group for the past 5 years

Save as disclosed below, none of our Directors have any principal business activities performed outside our Group (including principal directorships) as at the LPD and in the past 5 years preceding the LPD:

## (i) Zulkifly Bin Zakaria

			Equity interest held		
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %	
PRESENT INVOLVEMENT		STREET STREET			
Hiap Huat Holdings Berhad	Investment holding company listed on the ACE Market of Bursa Securities. Its subsidiaries are involved in manufacturing, recycling and refining all kinds of petroleum based products, industrial paints, oil and solvent chemical products and to provide all kinds of transportation services; physical refining, processing, pre-treated recovery, reuse and trading of waste residues and byproducts generated from oil-palm and other oils and fats industry; laboratory services including advisory in numerous research projects, provision of scientific advice, diagnostic testing services and dealing in all substance apparatus and related services	Director			
Lagardere Travel Retail Malaysia Sdn Bhd	To operate retail concessionaires at airports	Director / Shareholder	30.00	<del>-</del>	
Nautilus Oilfield Services Sdn Bhd	Provision of onshore and offshore drilling and exploration solution	Director / Shareholder	66.70	33.30	
Gradz Engineering Services Sdn Bhd	Equipment supply and engineering services	Director / Shareholder	100.00	-	

			Equity interest held		
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %	
Mutiara Ledang Sdn Bhd	Land development and estate management	Director	-	-	
PKEINPK Sdn Bhd	Development and agriculture related activities for the purpose of Islamic economic and social development	Director	-	-	
Kumpulan Perubatan AR- Ridzuan Sdn Bhd	Private hospital and medical services	Director	-	-	
VP Energy Pte Ltd (incorporated in Singapore)	Wholesale trade of variety of goods without a dominant product	Director / Shareholder	25.00	-	
Mooreast Holdings Ltd (incorporated in Singapore)	Investment holding company listed on the Catalist board of the Singapore Exchange. Its subsidiaries are involved in the provision of mooring systems and related services; provision of mooring components in marine industry and provision of engineering design and consultancy services		-	-	
PAST INVOLVEMENT					
Tanjung Drilltec Sdn Bhd	Marketing, managing, owning, operating maintenance and repair, leasing, chartering of drilling rigs for oil and gas industry in Malaysia  (Dissolved on 28 August 2017)	Director (Resigned on 20 February	-	Action of the Control	
	,				
IDC Jadi Sdn Bhd	Development, planting and operation management of palm oil plantation	Director (Resigned on 8 February 2021)	-	-	

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

			Equity interest held	
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Malaysia-China Business Council	Non-Governmental organisation promoting investments and trade between China and Malaysia	Director (Resigned on 18 June 2020)	-	-
Semantan Technologies Corporation Sdn Bhd	Provision of consulting, programming services, software development and perform all computer data processing and related services  (Dissolved on 24 February 2017)	Director / Shareholder	50.00	-
Drilltec Offshore Sdn Bhd	Dormant (Dissolved on 9 April 2018)	Director / Shareholder	30.00	-
Mahir Fikir Sdn Bhd	General trading (Dissolved on 22 October 2021)	Director / Shareholder	50.00	-

## (ii) Ong Hang Ping

			Equity interest held		
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %	
PRESENT INVOLVEMENT		Weilian medicine	10		
OCN Asset Management Sdn Bhd	Buying, selling, renting and operating of self- owned or leased real estate -residential buildings; real estate activities with own or leased property not elsewhere classified; buying, selling, renting and operating of self-owned or leased real estate - non-residential buildings	Director / Shareholder	16.40	-	
Eco Biz Management Sdn Bhd	Business Management consultancy services	Shareholder	25.00	-	
Suntech Re Sdn Bhd	Mine, oil well or quarry owners and managers in any materials and substances of all kinds; general merchants, dealers and commission agents of goods and merchandise of all descriptions; and share and property investment and dealings	Shareholder	12.50	-	
NEC	Activities of holding companies	Director / Shareholder	54.34	-	
PAST INVOLVEMENT	and the second s	en e			
Promount Engineering Sdn Bhd	Installation of non-electric solar energy collectors	Director (Resigned on 17 May 2018)	-	-	
Solaris Truss Sdn Bhd	Installation of non-electric solar energy collectors	Director (Resigned on 1 March 2018)	-	•	
Neda Power (Sg Tiang) Sdn Bhd (formerly known as Sunview Power Sdn Bhd)	Installation of solar panels and related activities	Director (Resigned on 17 March 2020)	-	-	

			<b>Equity inter</b>	est held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Thames Enrich Sdn Bhd	Organisation, promotions and management of event, trading of stock	Director (Resigned on 11 August 2016)	-	-
Green Magnitude Sdn Bhd	Installation of solar panels and related activities	Director (Resigned on 17 March 2020)	-	; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;
Fabulous Sunview (Penang) Sdn Bhd	Operation of generation facilities that produce electric energy, installation of non-electric solar energy collectors; other construction installation not elsewhere classified  (Dissolved on 29 July 2021)	Director (Resigned on 17 March 2020)	-	-
Suria Bumi Engineering Sdn Bhd	Installation of non-electric solar energy collectors; other construction installation not elsewhere classified; operation of generation facilities that produce electric energy	Director (Resigned on 17 March 2020)	-	-
SVAF Energy Sdn Bhd	Installation of non-electric solar energy collectors; operation of generation facilities that produce electric energy; other construction installation not elsewhere classified  (Dissolved on 30 April 2021)	Director (Resigned on 17 March 2020)	-	-
Resol Sdn Bhd	Dormant (Dissolved on 5 July 2019)	Director / Shareholder	(1) 25.00	
Yamigugu Sdn Bhd	Provide software publishing for business and other applicants  (Dissolved on 21 July 2021)	Director / Shareholder	(2) 58.00	-

7			Equity interest held		
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %	
Unisolar Solution Sdn Bhd	Other construction installation not elsewhere classified; installation of non-electric solar energy collectors; operation of generation facilities that produce electric energy  (Dissolved on 23 October 2020)		(3) 49.00	-	

#### Notes:

- (1) The nature of Ong Hang Ping's interest in the company was his 25.00% shareholding in Resol Sdn Bhd until the date of the dissolution on 5 July 2019.
- (2) The nature of Ong Hang Ping's interest in the company was his 58.00% shareholding in Yamigugu Sdn Bhd until the date of the dissolution on 21 July 2021.
- (3) The nature of Ong Hang Ping's interest in the company was his 49.00% shareholding in Unisolar Solution Sdn Bhd until the date of the dissolution on 23 October 2020.

## (iii) Chow Kian Hung

Principal business activities  Buying, selling, renting and operating of self- wned or leased real estate -residential buildings; eal estate activities with own or leased property ot elsewhere classified; buying, selling, renting nd operating of self-owned or leased real estate - on-residential buildings	Involvement in business activities  Director / Shareholder	16.30	Indirect %
Buying, selling, renting and operating of self- wned or leased real estate -residential buildings; eal estate activities with own or leased property of elsewhere classified; buying, selling, renting and operating of self-owned or leased real estate - on-residential buildings	marazaza, uma maraza da bada da	- 1 may 1 m	<b>76</b>
wned or leased real estate -residential buildings; eal estate activities with own or leased property ot elsewhere classified; buying, selling, renting nd operating of self-owned or leased real estate -on-residential buildings	Director / Shareholder		-
dine, oil well or quarry owners and managers in ny materials and substances of all kinds; general nerchants, dealers and commission agents of oods and merchandise of all descriptions; and hare and property investment and dealings	Shareholder	12.50	-
ctivities of holding companies	Director / Shareholder	36.23	-
nstallation of solar panels and related activities	Director (Resigned on 17 March 2020)	-	-
nstallation of solar panels and related activities	Director (Resigned on 17 March 2020)	-	-
Operation of generation facilities that produce electric energy, installation of non-electric solar energy collectors; other construction installation to the electric electri	Director (Resigned on 17 March 2020)	-	-
ny ne oc ha ns Op ele ene	y materials and substances of all kinds; general richants, dealers and commission agents of ods and merchandise of all descriptions; and are and property investment and dealings tivities of holding companies  tallation of solar panels and related activities  tallation of solar panels and related activities  eration of generation facilities that produce actric energy, installation of non-electric solar ergy collectors; other construction installation	y materials and substances of all kinds; general prochants, dealers and commission agents of odds and merchandise of all descriptions; and are and property investment and dealings  tivities of holding companies  Director / Shareholder  Director (Resigned on 17 March 2020)  tallation of solar panels and related activities  Director (Resigned on 17 March 2020)  Director (Resigned on 17 March 2020)	materials and substances of all kinds; general prochants, dealers and commission agents of ods and merchandise of all descriptions; and are and property investment and dealings  bitivities of holding companies  Director / Shareholder  36.23  Director / Shareholder  36.23  Director (Resigned on 17 March 2020)  Director (Resigned on 17 March 2020)

			Equity inte	rest held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Suria Bumi Engineering Sdn Bhd	Installation of non-electric solar energy collectors; other construction installation not elsewhere classified; operation of generation facilities that produce electric energy	2020)	-	-
Unisolar Solution Sdn Bhd	Other construction installation N.E.C; installation of non-electric solar energy collectors; operation of generation facilities that produce electric energy (Dissolved on 23 October 2020)		-	-
Eco Building System Sdn Bhd	Design and build, manufacture, installation, maintenance, marketing, import and export of prefabricated green building products, eco-friendly building services and system  (Dissolved on 3 August 2020)		(1) 10.00	-
Resol Sdn Bhd	Dormant (Dissolved on 5 July 2019)	Shareholder	<sup>(2)</sup> 25.00	_

## Notes:

- (1) The nature of Chow Kian Hung's interest in the company was his 10.00% shareholding in Eco Building System Sdn Bhd until the date of the dissolution on 3 August 2020.
- (2) The nature of Chow Kian Hung's interest in the company was his 25.00% shareholding in Resol Sdn Bhd until the date of the dissolution on 5 July 2019.

## (iv) Khoo Kah Kheng

			Equity inter	est held
Business / Company	Principal business activities	Involvement in business activities	Direct	Indirect %
PRESENT INVOLVEMENT	A STATE OF THE STA			1212
Suntech Re Sdn Bhd Mine, oil well or quarry owners and managers in Di		Director (Resigned on 11 January 2022) / Shareholder	12.50	-
NEC	Activities of holding companies	Director / Shareholder	0.09	-
PAST INVOLVEMENT				
Intan Mantap Sdn Bhd	Dormant (Dissolved on 28 November 2018)	Director / Shareholder	(1) 100.00	•
Project Vape Sdn Bhd	Dealing in vaporizers and accessories (Dissolved on 22 October 2018)	Director / Shareholder	(2) 25.00	-
Lotus Spectrum Sdn Bhd	Generation of RE and to purchase or otherwise acquire, supply or dispose of power of every kind	Director (Resigned on 11 January 2022) / Shareholder	(3) _	- !

### Notes:

- (1) The nature of Khoo Kah Kheng's interest in the company was his 100.00% shareholding in Intan Mantap Sdn Bhd up till the date of the dissolution 28 November 2018.
- (2) The nature of Khoo Kah Kheng's interest in the company was his 25.00% shareholding in Project Vape Sdn Bhd up till the date of the dissolution on 22 October 2018.
- (3) Khoo Kah Kheng had disposed his entire shareholdings in Lotus Spectrum Sdn Bhd on 28 July 2022.

## (v) Amin Ashari Bin Shafie

			Equity inter	est held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
PRESENT INVOLVEMENT	117.23	*	100	all the same
Mavcap Sinotech Sdn Bhd	Administer and managed venture capital investment activities for information communication technology (ICT) sector	Alternate Director	-	-
Tuntas Consultancy Sdn Bhd	Providing motivational courses and training; general trading	35.00	65.00	
Menang Perangsang Sdn Bhd	Petrol pump station	Director	-	-
Razvitak Consulting Group Sdn Bhd	Activities of holding companies, business management consultancy services	Director	-	-
Katsana Holdings Sdn Bhd	Manufacture of peripheral equipment	Director	-	
Racl Resources Sdn Bhd	Business management consultancy services, other management consultancy activities not elsewhere classified, organisation, promotions and/or management of event	Director	-	
Vav Apps Sdn Bhd	Development and distribution of software and software packages, consultancy service for computer programming, system development and design	Director	-	_
Intres Capital Partners Sdn Bhd	Equity management and investment holding intended for venture capital management	Director	-	-

			Equity into	erest held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Questmark Capital Management Sdn Bhd	Fund management	Alternate Director (Resigned on 22 February 2013)	-	(1) 24.50 (from Tangent Holdings Limited via Onrise Holdings Limited)
Onrise Holdings Limited	Investment holding company. Its subsidiary is involved in fund management	Director	-	(1) 24.50 (from Tangent Holdings Limited)
Tangent Holdings Limited	Investment holding company. Its subsidiary is involved in fund management	Director / Shareholder	50.00	-
QMA Capital Sdn Bhd	Equity management and investments, investment holding company, and to purchase or otherwise acquire and undertake the whole or any part of the business, land and assets. Its subsidiaries are in business of development and distribution of educational children programmes; provision of payment terminal services; administer and managed venture capital investment activities for information communication technology sector		-	(1) 4.09 (via Tangent Holdings Limited)
Serunai Commerce Sdn Bhd	Providing services in relation to information technological (IT) infrastructure and maintenance	Director	-	-

			Equity inte	rest held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Supahands Dotcom Sdn Bhd	Advisers and consultants in the provision of virtual and online administrative assistant, accounting, secretarial and related support services and management	Director	-	-
Katsana Fleet Services Sdn Bhd	Manufacture of peripheral equipment	Director	-	-
Aerodyne Ventures Sdn Bhd	Other information service activities not elsewhere classified	Director	-	-
The Future Commerce Sdn Bhd	Ecommerce business solution, software development, digital marketing and training	Director	-	-
Pioneer Pristine Sdn Bhd	Activities of holding companies. Its subsidiary is involved in the installation of non-electric solar energy collectors; other construction installation not elsewhere classified; operation of generation facilities that produce electric energy	Director	-	-
Eden Pact Sdn Bhd	Activities of holding companies. Its subsidiary is involved in the installation of non-electric solar energy collectors; other construction installation not elsewhere classified; operation of generation facilities that produce electric energy	Director	-	-
Suria Bumi Engineering Sdn Bhd	Installation of non-electric solar energy collectors; other construction installation not elsewhere classified; operation of generation facilities that produce electric energy		-	-

			Equity inte	rest held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Basil Power Sdn Bhd	Activities of holding companies. It is an investment vehicle to hold the investments of Asia Greentech Fund I LP	Director	-	-
Inforient Infrastructure Sdn Bhd	Information technology company	30.00	<b>34</b>	
PAST INVOLVEMENT				
Easyuni Sdn Bhd	Providing a web portal for school leavers to access institution of higher education for complete information and comparison engine for courses offered by them	Director (Resigned on 30 August 2020)	-	_
Seedlin Sdn Bhd	To provide the peer-to-peer online platform for small medium companies	Director (Resigned on 9 January 2017)	-	•
Sri Elastomers Sdn Bhd	Fund management	Director (Resigned on 26 October 2020)	-	-
Blue Olmek Sdn Bhd	Business of devulcanization and rubber recycling	Director (Resigned on 26 October 2020)	-	-
Sekhar Research Innovations Sdn Bhd	Research and development in elastomer technologies	Director (Resigned on 26 October 2020)	-	-
Sri Capital Holdings Sdn Bhd	Investment holding company. Its subsidiaries are involved in the business of rubber recycling, devulcanization, manufacturing and trading of machinery, chemicals, rubber compound, and research and development in elastomer technologies	Director (Resigned on 26 October 2020)	-	_

			Equity inter	est held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
Inforient Sdn Bhd	Software implementation and training	Director (Resigned on 23 August 2021)	-	-
Zest Farm Sdn Bhd	Dormant	Director / Shareholder	(2) 50.00	
	(Dissolved on 5 July 2019)			
Genius Fame Sdn Bhd	Dormant	Director / Shareholder	(3) 30.00	-
	(Dissolved on 18 January 2019)			
Perpetual Glory Sdn Bhd	Trading and investment holding intended for general trading	Director	•	-
	(Dissolved on 18 January 2019)			
Prawala Sdn Bhd	Dormant	Shareholder	(4) 49.90	-
	(Wound up on 24 February 2017)			
Bayo Labs Sdn Bhd	Provision of payment terminal services	Director (Resigned on 20 June 2022)	-	-
Meraki Global Sdn Bhd	Other retail sale in non-specialised stores not elsewhere classified	Director / Shareholder	(5) 50.00	-
	(Dissolved on 23 February 2022)			

			Equity inter	rest held
Business / Company	Principal business activities	Involvement in business activities	Direct	Indirect %
Tiger Lane Resources Sdn Bhd	Wholesale of a variety of goods without any particular specialisation not elsewhere classified, sale by commission agents, other business support service activities not elsewhere classified (In the process of winding up)	Shareholder	75.00	_

#### Notes:

- (1) Amin Ashari Bin Shafie confirms his indirect shareholdings in the respective corporation.
- (2) The nature of Amin Ashari Bin Shafie's interest in the company was his 50.00% shareholding in Zest Farm Sdn Bhd up till the date of the dissolution on 5 July 2019.
- (3) The nature of Amin Ashari Bin Shafie's interest in the company was his 30.00% shareholding in Genius Fame Sdn Bhd up till the date of the dissolution on 18 January 2019.
- (4) The nature of Amin Ashari Bin Shafie's interest in the company was his 49.90% shareholding in Prawala Sdn Bhd up till the date of the winding up on 24 February 2017.
- (5) The nature of Amin Ashari Bin Shafie's interest in the company was his 50.00% shareholding in Meraki Global Sdn Bhd up till the date of the dissolution on 23 February 2022.

## (vi) Norashikin Binti Abdul Rani

Business / Company		Eq	Equity inte	Equity interest held	
	Principal business activities	Involvement in business activities	Direct	Indirect %	
PRESENT INVOLVEMENT	The state of the s		e de la constante	Julia de Carresta	
Riech Resources PLT	Personal development course/ motivational, business management consultancy services, accounting, bookkeeping and auditing activities, tax consultancy	Partner	-	-	

## (vii) Professor Ir. Dr. Nasrudin Bin Abd Rahim

		Equi		est held
Business / Company	Principal business activities	Involvement in business activities	Direct %	Indirect %
PRESENT INVOLVEMENT				
Van Coating Sdn Bhd	Manufacture of paints, varnishes and similar coatings ink and mastics	Director / Shareholder	40.00	-
Global Insignia Sdn Bhd	Engineering consultants	Director / Shareholder	90.00	~
PAST INVOLVEMENT				
GTP Dynamics Sdn Bhd	Dormant (Dissolved on 2 July 2019)	Director	-	-

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

## (viii) Yap Chui Fan

			Equity interest held	
Business / Company	Principal business activities	Involvement in business Direct activities 9		Indirect %
Sum Technic Sdn Bhd	Mechanical and electrical engineers and engineering works, contractors and consulting engineers for utilities piping and cleanroom architecture works	Shareholder	3.00	-
Micronaire Global Sdn Bhd	Manufacturing, dealing, importing, exporting of air conditioning products, components and accessories and general trading	Shareholder	5.00	_
Sum System Solution Sdn Bhd	Mechanical and engineering services provider and total solution for renewable energy system	Shareholder	2.27	-

#### 5.2.5 Involvement of our Directors in other businesses or corporations

Save as disclosed in Section 5.2.4 of this Prospectus, our Executive Directors are not involved in other businesses or corporations. The involvements of our Executive Directors in other businesses and corporations are not expected to affect the operations of our Group as their involvement in the aforesaid companies are minimal as these companies are either for investment holding or are dormant/dissolved. In addition, they do not hold executive positons in the aforesaid companies and such businesses or corporations' operations do not require their involvement on a day-to-day basis as these businesses or corporations are managed by the other shareholders or have their own independent management teams. Hence, our Executive Directors can continue to focus on the day-to-day operations of our Group and our Board is of the view that their contribution and performance in our Group would not be affected.

The involvement of our Non-Executive Directors in other businesses or corporations outside our Group will not affect their contribution to our Group as they are not involved in our Group's day-to-day operations.

### 5.2.6 Key Senior Management

The key senior management of our Group is as follows:

Name		Age	Nationality	Designation	
Ooi Yo	ong Shan (F)	32	Malaysian	CFO	
Note:					
(F)	Female.				

## 5.2.7 Key senior management's shareholdings

Our key senior management and her shareholdings in our Company before and after our IPO are as follows:

	Before our IPO / As at the LPD			After our IPO <sup>(2)</sup>				
	Direct		Indirect		Direct		Indirect	
Key senior management	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>
Ooi Yoong Shan	-	-	-	-	400,000	0.09	-	_

## Notes:

- (1) Based on our issued share capital of 350,000,000 Shares before our IPO.
- (2) Assuming that all the Pink Form Allocation is fully subscribed.
- (3) Based on our enlarged issued share capital of 468,000,000 Shares after the Disposal by Basil Power and Public Issue pursuant to the IPO.

## 5.2.8 Profile of key senior management

The profile of the key senior management of our Group is as follows:

## **Ooi Yoong Shan**

**CFO** 

Ooi Yoong Shan, a Malaysian, aged 32, is our Chief Financial Officer. She is responsible for overseeing the Group's finance, accounting and procurement department as well as HR, administration and IT department, including managing the Group's financial planning, statutory reporting and management of financial risks.

She graduated from Segi University College with a Diploma in Accounting in 2010. She is a member of the Association of Chartered Certified Accountants since 2019 and Malaysian Institute of Accountants since July 2021.

She started her career in auditing with AdrianYeo PLT as an Audit Assistant in 2015 where she was involved in providing audit services. She left in 2016 to join Crowe Malaysia PLT as an Audit Junior and was subsequently promoted as a Senior Auditor where she was responsible for conducting statutory audit on companies, including public listed companies, in accordance with relevant accounting standards. She left Crowe Malaysia PLT in 2019 to join Deloitte & Touche LLP (Singapore) in 2020 as a Senior Auditor. She returned to Malaysia later in the same year and joined Green Packet Berhad as Finance Manager where she was responsible for managing and overseeing the group's finance related functions. She left Green Packet Berhad in 2021 before joining our Group as Financial Controller. Subsequently in the same year, she was promoted as our Group's CFO.

### 5.2.9 Involvement of our key senior management in other businesses / corporations

Our key senior management does not have any principal business activities and directorship in any other businesses or corporations as at the LPD and in the past 5 years preceding the LPD.

### 5.3 BOARD PRACTICES

## 5.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Name	Designation	Date of expiration of the current term of office	No. of years in office	
Zulkifly Bin Zakaria	Independent Non-Executive Chairman	At our first AGM to be held in year 2022	Less than 1 year	
Ong Hang Ping	Executive Director / CEO	At our first AGM to be held in year 2022	More than 1 year	
Chow Kian Hung	Executive Director / COO	At our first AGM to be held in year 2022	More than 1 year	
Khoo Kah Kheng	Executive Director / CPDO	At our first AGM to be held in year 2022	Less than 1 year	
Amin Ashari Bin Shafie	Non-Independent Non-Executive Director	At our first AGM to be held in year 2022	Less than 1 year	
Norashikin Binti Abdul Rani	Independent Non-Executive Director	At our first AGM to be held in year 2022	Less than 1 year	
Professor Ir. Dr. Nasrudin Bin Abd Rahim	Independent Non-Executive Director	At our first AGM to be held in year 2022	Less than 1 year	
Yap Chui Fan	Independent Non-Executive Director	At our second AGM to be held in year 2023	Less than 1 year	

In accordance with the Company's Constitution, all the Directors shall retire from office at the first AGM and 1/3 of our Board will retire by rotation at every subsequent AGM of our Company. Each Director shall retire at least once in every 3 years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next AGM and shall then be eligible for re-election.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which came into effect on 28 April 2021. Our Board is committed in achieving and sustaining high standards of corporate governance and we have considered the additional best practices and guidance set out in the MCCG such as to have at least 30% women directors on our Board. As at the LPD, our Board consists of 2 women Directors which constitutes 25% of our Board. In view of the foregoing, we shall use our best endeavour to seek, observe and identify suitable women candidate(s) to our Board and ensure that the composition of the Board comprises at least 30% of women directors within 3 years from the date of our Listing.

#### 5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 28 December 2021 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship	
Norashikin Binti Abdul Rani	Chairperson	Independent Non-Executive Director	
Professor Ir. Dr. Nasrudin Bin Abd Rahim	Member	Independent Non-Executive Director	
Yap Chui Fan	Member	Independent Non-Executive Director	

The main functions of our Audit and Risk Management Committee include among others:

- (i) to review the quarterly results to Bursa Securities and year-end financial statements of our Group before submission to our Board;
- (ii) to consider the nomination and appointment of external auditors and, if found appropriate, to recommend their appointment and of their audit fee;
- (iii) to discuss with the external auditors, prior to the commencement of audit, their audit plan, which shall state the nature of the audit, and to ensure an effective co-ordination of audit, where more than one audit firm is involved;
- (iv) to review the internal audit plan, processes, the results of internal audit assessments, investigations undertaken and, whether or not appropriate action is taken before recommendations are made:
- (v) to review the adequacy and effectiveness of the Group's internal control systems, risk management framework, anti-corruption and whistle-blowing and sustainability reporting as evaluated, identified and reported by the Management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely;
- (vi) to monitor any related party transactions and situations where a conflict of interest may arise within our Group, including any transaction, procedure or course of conduct that raises questions of management integrity, as well as to assess the financial risks relating to such transactions, and to ensure that our Directors report such transactions annually to our shareholders via the annual report;
- (vii) to discuss issues and matters arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of management, where necessary);
- (viii) to assess the effectiveness of the risk management framework, and to review and monitor risk reporting;
- (ix) to report promptly to Bursa Securities and/or to SC on any matter reported to our Board, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements, rules and guidelines issued by Bursa Securities and/or the SC; and
- (x) to consider other matters as may be directed by our Board from time to time.

#### 5.3.3 Nomination Committee

Our Nomination Committee was established on 28 December 2021 and its members are appointed by our Board. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Professor Ir. Dr. Nasrudin Bin Abd Rahim	Chairman	Independent Non-Executive Director
Norashikin Binti Abdul Rani	Member	Independent Non-Executive Director
Yap Chui Fan	Member	Independent Non-Executive Director

The main functions of our Nomination Committee include among others:

- (i) to consider and recommend to the Board suitable candidates for appointment as Directors of the Company. The committee may utilise any independent sources to identify a suitably qualified candidate. The committee shall nominate or appoint a genderdiverse Board. In making a recommendation to the Board on candidates for directorship, the committee should consider the candidates':
  - a) skills, knowledge, expertise and experience;
  - b) professionalism;
  - c) integrity; and
  - in the case of candidates for the position of Independent Director, the committee shall also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Director;
- (ii) to evaluate the required mix of skills, experience, core competencies, diversity (in terms of age, cultural background and gender) of the Board, the Board Committees and the contribution and performance of the individual Directors for the effective and efficient functioning of the Board and the Board Committees;
- (iii) to appraise each individual Director and Chairman of the Board including Independent Directors as well as the Executive Director / CEO in terms of his experience, knowledge, credibility and credentials and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company. All assessments and evaluations carried out by the committee in the discharge of all its functions should be properly documented;
- (iv) to examine the ability of each Director to contribute to the effective decision-making process of the Board and ensure that the Board of the Company is functioning actively, efficiently and effectively in all its decision-making;
- (v) to review annually, the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether such Audit and Risk Management Committee and each of its members have carried out their duties in accordance with their terms of reference;
- (vi) to assess the effectiveness of the Board as a whole and the committees of the Board;
- (vii) to review and assess the independence of the Independent Directors of the Company;
- (viii) to recommend to the Board concerning the re-election/re-appointment of Directors to the Board pursuant to the Company's Constitution;

- (ix) to oversee the development of succession planning of the Board and senior management;
- (x) to access to the advice of company secretary or other professionals at the Company's expense, if necessary;
- (xi) to initiate an investigation and/or to carry out due diligence on the nepotism issue; and
- (xii) to carry out such other functions or assignments as may be delegated by the Board from time to time.

#### 5.3.4 Remuneration Committee

Our Remuneration Committee was established on 28 December 2021 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:

Name	Designation	Directorship	
Yap Chui Fan	Chairperson	Independent Non-Executive Director	
Professor Ir. Dr. Nasrudin Bin Abd Rahim	Member	Independent Non-Executive Director	
Norashikin Binti Abdul Rani	Member	Independent Non-Executive Director	

The main functions of our Remuneration Committee include among others:

- (i) to review and recommend to the Board the appropriate remuneration packages for all Directors of the Company, with or without other independent professional advice or other outside advice:
- (ii) to formulate policies, guidelines and set criteria for remuneration packages for the Directors of the Company;
- (iii) to ensure that the Directors are fairly and appropriately remunerated according to the industry, general market sentiments or conditions;
- to determine the composition of the various components of remuneration such as basic salary, bonus and other benefits in kind for the Executive Director / CEO and Executive Directors of the Company;
- (v) to ensure all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration and to ensure that the levels of remuneration are sufficiently attractive to retain Directors and structuring the remuneration packages to link rewards to individual performance as well as to encourage the Executive Directors to act in the way that enhances the Company's long term profitability and value;
- (vi) to ensure that all remuneration packages and benefits given to the Directors comply with the Company's Remuneration Policy and any other laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time;
- (vii) to attend to any other functions that may be delegated by the Board which would be beneficial to the Company and ensures the effective discharge of the Committee's duties and responsibilities;

- (viii) to review and recommend to the Board the granting of share options for the Executive Directors and senior management of the Company, if any;
- (ix) to initiate an investigation and/or to carry out due diligence on nepotism issues;
- (x) to perform an annual review of the remuneration of employees related to the Board and/or substantial shareholder(s) to endure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities, if any; and
- (xi) to carry out such other functions or assignments as may be delegated by the Board from time to time.

#### 5.4 REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT

#### 5.4.1 Directors' remuneration and material benefits in-kind

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2022 and FYE 2023 are as follows:

Statutory

FYE 2022	Fees	Salary	Bonus <sup>(2)</sup>	Allowances	, ,		its in- nd Total	
(Actual)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Executive Directors								
Ong Hang Ping	60.00	312.00	-	42.00	42.64	-	456.64	
Chow Kian Hung	60.00	312.00	-	42.00	42.64	-	456.64	
Khoo Kah Kheng	-	312.00	-	42.00	42.64	-	396.64	
Non-Executive Directors								
Zulkifly Bin Zakaria(1)	-	-	-	-	-	-	-	
Amin Ashari Bin Shafie(1)	-	-	-	-	~	-	-	
Norashikin Binti Abdul Rani(1)	-	-	-	-	-	-	-	
Professor Ir. Dr. Nasrudin Bin Abd Rahim <sup>(1)</sup>	-	-	-	-	-	-	-	

#### Notes:

- (1) Appointed to our Board on 27 December 2021. Payment of fees to our Non-Executive Directors will only take place upon our successful Listing.
- (2) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

FYE 2023	Fees	Salary	Bonus <sup>(2)</sup>	Allowances	Statutory Contributions (EPF, SOCSO and EIS)	Benefits in- kind	Total
(Proposed)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors							
Ong Hang Ping	66.00	396.00	120.00	42.00	53.00	-	677.00
Chow Kian Hung	66.00	396.00	120.00	42.00	53.00	-	677.00
Khoo Kah Kheng	24.00	336.00	90.00	36.00	31.00	-	517.00
Non-Executive Directors							
Zulkifly Bin Zakaria	52.31	-	-	*	-	-	52.31
Amin Ashari Bin Shafie	40.31	-	-	*	-	-	40.31
Norashikin Binti Abdul Rani	40.31	-	-	*	-	-	40.31
Professor Ir. Dr. Nasrudin Bin Abd Rahim	40.31	-	-	*	-	-	40.31
Yap Chui Fan(1)	24.00	-	-	*	-	-	24.00

#### Notes:

- Negligible
- (1) Appointed to our Board on 26 August 2022.
- (2) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

The remuneration, which includes our Directors' salaries, bonuses and allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees and / or benefits must be further approved by our shareholders at a general meeting.

#### 5.4.2 Key senior management's remuneration and material benefits in-kind

The aggregate remuneration and material benefits in-kind paid and proposed to be paid to our key senior management for services rendered to our Group in all capacities for the FYE 2022 and FYE 2023 are as follows:

Key senior	Remuneration band		
management	FYE 2022 RM'000	Proposed for the FYE 2023 <sup>(1)</sup> RM'000	
Ooi Yoong Shan	150 – 200	200 – 250	

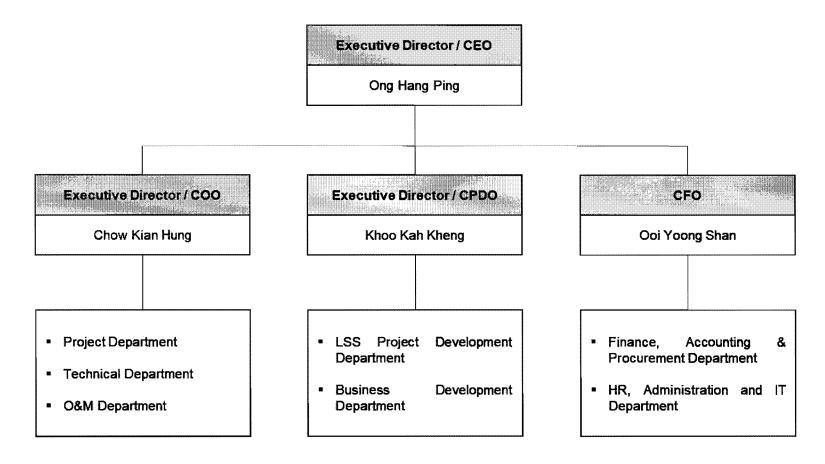
#### Note:

(1) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

The proposed increase in remuneration band for Ooi Yoong Shan was arrived at after taking into consideration the added responsibility as a CFO of a public listed company. The additional responsibilities include additional compliance with regulatory requirements for a public listed company and obligations to the shareholders, amongst others. In accordance with the Group's remuneration policy, the evaluation of remuneration packages for key senior management shall be reviewed by our Executive Directors.

#### 5.5 MANAGEMENT REPORTING STRUCTURE

The management reporting structure of our Group is as follows:



#### 5.6 DECLARATIONS BY EACH PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and key senior management is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or member of key senior management in the last 10 years;
- disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceedings in the last 10 years;
- (iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;
- (v) the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market in the last 10 years;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; and
- (viii) any unsatisfied judgment against such person.

#### 5.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

There are no family relationships and associations among our Promoters, substantial shareholders, Directors and key senior management as at the LPD.

#### 5.8 SERVICE AGREEMENTS

As at the LPD, none of our Directors and / or key senior management has any existing or proposed service agreement with our Group.

#### 6. INFORMATION ON OUR GROUP

#### 6.1 INFORMATION ON OUR GROUP

#### 6.1.1 Our Group's overview and history

Our Company was incorporated in Malaysia under the Act on 25 May 2021 as a private limited company under the name of Sunview Group Sdn Bhd. It was subsequently converted into a public limited company on 24 December 2021. Sunview is an investment holding company. Through our subsidiaries, we are principally involved in the EPCC of solar PV facilities, solar PV construction and installation services, solar power generation and supply as well as associated services and products.

The history of our Group can be traced back to 2013 when Fabulous Sunview was founded by its 2 previous shareholders namely Ku Gaik Lee and Kneoh Chin Shiun as their investment venture into the RE industry, initially focusing on the EPCC of rooftop solar PV facilities for residential buildings. Our Promoter, namely Chow Kian Hung, joined the company in the same year as Sales & Project Manager. Subsequently in 2015, our Promoters, namely Ong Hang Ping and Chow Kian Hung, and a business partner namely Chai Jeun Sian became shareholders of Fabulous Sunview, with Ong Hang Ping and Chai Jeun Sian also taking up directorships in the company. The Fabulous Sunview's founders and Chai Jeun Sian eventually left the company between 2015 and 2018.

Since 2019, we have expanded our business operations from initially being an EPCC contractor mainly for rooftop solar PV facilities to an EPCC contractor / subcontractor for utility-scale solar PV facilities such as LSS PV plants, mainly achieved through the development of our project implementation capabilities, hence our credibility, throughout the years. We also undertook strategic acquisitions between 2015 and 2019 as part of our business expansion, mainly involving companies providing installation and / or subcontracting services in the RE industry. Most of these companies did not achieve the expected business outcome and were eventually disposed of by 2020.

In 2019, we ventured into the business of investing in solar PV facilities for power generation and supply through Solarcity REIT, which was 49.00% owned by Fabulous Sunview and 51.00% owned by Suntech Energy. Subsequently in July 2020, the equity interest of Fabulous Sunview increased to 51.00% while the remaining 49.00% equity interest was held by Suntech Energy. In 2021, to consolidate our ownership in Solarcity REIT and to further expand our operations in solar power generation and supply, we acquired a 100.00% equity interest in Suntech Energy as well as Vafe System.

The table below sets out the key events and milestones in the history and development of our Group:

Year	Key events and milestones
2013	<ul> <li>Commencement of operations for our wholly owned subsidiary, Fabulous Sunview as a service provider of EPCC of solar PV facilities. We were operating from rented premises in Puchong, Selangor.</li> </ul>
	<ul> <li>Through Fabulous Sunview, we secured our first EPCC project for a rooftop solar PV facility with an installed capacity of 11.76 kWp for a residential building in Subang Jaya, Selangor with a contract value of RM0.08 million.</li> </ul>
	<ul> <li>Fabulous Sunview also secured an EPCC project for a commercial shoplot where we were responsible for 6 rooftop solar PV facilities with a total installed capacity of 72.00 kWp in Seremban, Negeri Sembilan with a contract value of RM0.66 million.</li> </ul>

Year	Key events and milestones
2014	We secured our first industrial EPCC project with an installed capacity of 72.00 kWp for a timber manufacturing plant in Seremban, Negeri Sembilan with a contract value of RM0.71 million.
	<ul> <li>Fabulous Sunview was registered with CIDB as a G4 contractor which allowed us to tender for projects with a value up to RM3.00 million. Subsequently, we upgraded our CIDB registration from G4 to G6 in 2016 and further upgraded to G7 in 2017. As at G7 contractor, this allowed us to tender for projects without any limitation in the size or value of projects.</li> </ul>
	Fabulous Sunview was registered with SEDA as a service provider.
2017	We relocated our head office and operational facilities from Puchong, Selangor to rented premises in Subang Jaya, Selangor.
	We were registered as a grade C Electrical Contractor with the Energy Commission Malaysia which allows us to carry out electrical works with a value of up to RM500,000.
	We were registered as a work contractor with the TNB under the category of M&E works.
	Solare Truss is registered with the Malaysian Green Technology Corporation to have the rights to use "MyHIJAU" Mark as solar PV service provider indicating that the company meets environmental and ecological standards. MyHIJAU is a government initiative to promote the sourcing and purchasing of green products and services in Malaysia.
2018	We relocated our head office and operational facilities from Subang Jaya, Selangor to a three-storey industrial building that we acquired in Shah Alam, Selangor with a total built up area of approximately 5,889 sq. ft.
	Fabulous Sunview acquired Solare Truss, a company involved in the installation of rooftop solar PV facility as well as supply of related materials. This company was primarily involved in the installation of solar PV projects for Fabulous Sunview.
2019	Solarcity REIT was incorporated and commenced operations as an asset owner of solar PV facilities solely to generate and supply solar power. As at the LPD, Solarcity REIT owns and operates 13 solar PV facilities with a total installed capacity of 4.17 MWp. Please refer Section 6.3.3.4 (iii) for further details on our solar PV facilities.
	Fabulous Sunview embarked into LSS PV plant projects where the company was engaged as a subcontractor for 4 LSS PV plant projects under the LSS 2 programme as follows:     MSR 29.92 MWac LSS 2 PV Plant Gebeng Project in Pahang with a contract value of RM3.60 million;  MSR 29.92 MWac LSS 2 PV Plant Bake Project in Tananages with a contract value of RM3.60 million;
	- MSR 29.99 MWac LSS 2 PV Plant Paka Project in Terengganu with a contract value of RM3.90 million;
	- Scatec 30.00 MWac LSS 2 PV Plant Kerian Project in Perak with a contract value of RM5.13 million; and
	<ul> <li>Solar Greencell 30.00 MWac LSS 2 PV Plant Pekan Project with a contract value of RM12.06 million.</li> </ul>
2020	Fabulous Sunview registered with SEDA as a solar PV investor.
	<ul> <li>Fabulous Sunview received approximately RM16.00 million funding via the issuance of RCPS to Basil Power. Please refer to Section 4.1.1 of this Prospectus for further details on the RCPS.</li> </ul>

Year	Key events and milestones
2021	Solarcity REIT registered with SEDA as a solar PV investor.
	<ul> <li>Fabulous Sunview reached a major milestone by securing its first EPCC project for LSS PV plant under the LSS 2 programme. This is for a 10.00 MWac PV Plant in Sandakan, Sabah. The total contract value of this project was RM57.00 million. As at the LPD, we commenced the preparation and preliminary works for the project while the remaining construction works are yet to commence pending the issuance of NTP from the facility owner.</li> </ul>
	Fabulous Sunview further secured an additional of 5 projects as an EPCC contractor for the LSS PV plant under LSS 1, LSS 2 and LSS 4 programme.
	Fabulous Sunview acquired Vafe System and Suntech Energy.
	<ul> <li>Vafe System which was incorporated in 2014, commenced operations in 2015. The company owns 1 solar PV facility namely "Kinta 1.00 MWp Rooftop Solar PV Facility" in Kinta, Perak. This facility was under the FiT programme and Vafe System entered into a 21-year REPPA with TNB to generate and sell electricity back to the grid.</li> </ul>
	<ul> <li>Suntech Energy was incorporated in 2013 and commenced operations in 2014 as a solar PV investor. The company owns 2 rooftop solar PV facilities in 2014 and 2016 respectively, namely "Nilai 1.00 MWp Rooftop Solar PV Facility" and "Alma 1.00 MWp Rooftop Solar PV Facility" respectively. The 2 facilities are under the FiT programme and Suntech Energy entered into a 21-year REPPA with TNB to generate and sell electricity back to the grid.</li> </ul>
	Please refer to Section 6.3.3.4 of this Prospectus for further details on the power supply activities of our Group.
	<ul> <li>In September 2021, we relocated our head office from Shah Alam to Menara Symphony located in Petaling Jaya. The existing operational facility in Shah Alam is used as storage facilities for our electrical related equipment and materials such as solar PV modules, structures as well as cables and wires.</li> </ul>
2022	<ul> <li>We secured an additional EPCC of a utility scale solar PV facility under the NEDA programme with an installed capacity of 8.00 MWac. In this respect, as at the LPD, we have secured a total of 7 utility scale EPCC projects with an aggregated contract value of RM658.04 million where Fabulous Sunview has been appointed as the EPCC contractor. Please refer to Section 6.3.3.1 (iv) (c) for further details on our EPCC of LSS PV plant projects.</li> </ul>

For the Financial Years Under Review and up to the LPD, Fabulous Sunview obtained the following awards and recognitions:

Year	Key awards and recognitions						
2016	<ul> <li>"Young/Emerging Business Excellence Award 2016" organised by the Sin Chew Media Corporation Berhad.</li> <li>"SME 100 Awards 2016 - Fast Moving Companies 2016" organised by SME Magazine Asia.</li> </ul>						
2017	"Outstanding SMEs 2017" under the Golden Bull Award 2017 organised by Business Medi International Sdn Bhd and Sphere Exhibits Malaysia Sdn Bhd.						
	<ul> <li>"4" Malaysia Independence Award 1957 @ Anugerah Merdeka under the category of Silver Awards for the business nature of Solar System Integrated" in 2017 organised by the Malaysian Exporters Association and SME Global Centre.</li> </ul>						
	"Sin Chew Business Excellence Award 2017" for the category of Business Services     Excellence Awards organised by the Sin Chew Media Corporation Berhad.						
2022	"IBR ASEAN Awards 2022" for the Corporate Excellence Award in the Energy Sector for Innovations in Solar Power Solution by the IBR Asia Group.						

#### 6.1.2 Our competitive advantages and key strengths

Our competitive advantages and key strengths as set out below, provide us with the platform to grow our business:

#### (i) We have the experience and a proven track record in carrying out EPCC of solar PV facilities and subcontracting works for LSS PV plants to serve as a platform for business growth

We carry out EPCC for solar PV facilities providing end-to-end services from engineering design, planning and procurement, construction and installation up to testing and commissioning. For the Financial Years Under Review and up to the LPD, we have completed 98 EPCC of rooftop solar PV facility projects covering industrial, commercial and residential buildings, with a cumulative installed capacity of 23.08 MWp. For the Financial Years Under Review and up to the LPD, we have completed the provision of construction and installation for 6 LSS PV plants with capacity ranging from 29.92 MWac to 100.00 MWac as a subcontractor. For the Financial Years Under Review and up to the LPD, our projects were completed according to the completion periods as mutually agreed with our customers and there was no LAD incurred.

For the Financial Years Under Review and up to the LPD, we have completed 115 projects and these are set out below by type of sectors:

Completed Projects	Number of Project	Installed Capacity	Total Contract Value (RM '000)
EPCC Projects	98		63,695
- Industrial	55	18.45 MWp	50,564
- Commercial	23	4.47 MWp	12,491
- Residential	20	0.16 MWp	640
Construction and Installation Projects	22		38,349
- Industrial	5	2.68 MWp	2,749
- Commercial	4	0.41 MWp	1,568
- Residential	7	0.06 MWp	194
- LSS PV Plant	6	319.91 MWac	33,838

As at the LPD, we have secured 7 new LSS PV plant projects under the LSS 1, LSS 2, LSS 4 and NEDA programme with an aggregated installed capacity of 178.00 MWac and an aggregated contract value of RM658.04 million which are expected to be completed by FYE 2024. Please refer to Sections 6.3.3.1 and 6.3.3.2 of this Prospectus for further details of our ongoing and completed projects.

In addition, we have the capabilities to carry out the EPCC of BIPV rooftop solar PV facilities where the solar modules are used as roofing materials. The solar modules used for BIPV solar PV facilities can be applied to a variety of surfaces such as roofing and walling application as an integrated solution for the building. The key differences between EPCC of normal rooftop and BIPV solar PV facility are as follows:

- Scope of work: For normal rooftop solar PV facility, the solar PV modules are mounted
  on the existing roof while for BIPV solar PV facility the solar PV modules also serve as
  the roof and/or wall of the building.
- Timeline: For similar capacity, the timeline for EPCC of normal rooftop solar PV facility is commonly shorter compared to BIPV solar PV facility.
- Costing and pricing: For similar capacity, normal rooftop solar PV facility is commonly lower cost and price compared to BIPV solar PV facility. This is because the BIPV solar facility has to serve an additional function of being part of the structure of the building such as roof and/or wall of the building, which require additional technical works.

This type of solar PV facilities offers building owners with benefits including potential time and cost saving in installation as the roofing and solar modules are installed simultaneously compared to classic roofing materials, as well as improved aesthetics as the modules are homogenously coloured. Since the commencement of our business and up to the LPD, we have 24 EPCC of BIPV solar PV facility projects.

Our experience and proven track record in the EPCC of rooftop solar PV facility projects since 2013 and subcontracting works for LSS PV plants since 2019, provide us with the platform to continue to address opportunities in securing new projects and grow our business. This is further demonstrated where we are able to secure and complete several projects from the same customers.

As a service provider for the construction of solar PV facilities, we are committed to providing quality management procedures that are in line with our ISO 9001 certification. Our track record in project planning, project execution and up to the completion of projects provides us with a reference site for prospective customers.

#### (ii) We have an experienced technical and management team

We have an experienced technical and management team headed by our CEO, Ong Hang Ping, with an electrical engineering background and has approximately 12 years of experience in the RE sector. He holds a Bachelor degree in Electrical Engineering, accredited by the Institute for Sustainable Power Quality (ISPQ) and Grid-Connected Solar Photovoltaic (GCPV) certificate and is also a certified member of the Board of Engineers Malaysia. He is supported by Chow Kian Hung (our COO) and Khoo Kah Kheng (our CPDO), both of them have approximately 9 years of experience in RE sector respectively.

Our CEO, COO and CPDO are key in determining the strategic direction of our business and implementing strategies to drive business growth. They are assisted by our CFO with her knowledge and experience to contribute to the development of our business. Our CFO brings with her approximately 7 years of experience in accounting and finance, having worked in public accounting firms in various audit capacities, as well as being a Finance Manager in a public company listed on the Main Market of Bursa Securities. Her knowledge and skills will assist our Group in providing financial evaluations and management of financial risks of new projects in addition to other financial and accounting matters.

# (iii) Our business model in the EPCC and subcontracted works for solar PV facilities is supplemented by the supply of solar power generated from the assets that we owned to provide us with recurrent revenue

For the Financial Years Under Review, our main revenue contribution was from EPCC and subcontracted works for solar PV facilities, which represented approximately 86.84%, 80.36%, 86.43% and 84.58% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. The supply of solar power provides us with a recurrent revenue which represented approximately 0.45% and 3.52% of our total revenue for the FYE 2021 and FYE 2022, respectively. Part of our strategy was to leverage on our technical knowledge and experience in EPCC of solar PV facilities and expand into asset ownership, a strategy which we embarked in 2019 through Solarcity REIT. As at the LPD, we own 18 solar PV facilities with a collective installed capacity of 7.74 MWp. In addition, we plan to construct 2 new solar PV facilities by 2023. Please refer to Section 6.3.3.4 (iii) of this Prospectus for further details on our solar PV facilities.

As an owner of the solar PV facilities, we will operate and maintain the facilities in order to optimise the generation of solar power. The supply of solar power business segment will provide us with the recurrent revenue to moderate some of the revenue stream variabilities from a project based business segment. The recurrent revenue provides us with certain amount of predictable cash inflow. While contribution from this segment was relatively low for the Financial Years Under Review and up to the LPD, we expect higher contribution moving forward following commencement of all of the 18 solar PV facilities and completion of the 2 new facilities in 2023.

# (iv) We work with solar PV investors who will fund the installation of solar PV facility and facilitate growth of our EPCC of solar PV facility business

Solar PV investors are entities that fund the capital expenses of installing solar PV facilities on the premises of prospective power consumers. We work with solar PV investors where we carry out the EPCC of solar PV facilities for the solar PV investors. This will enable power users to consume solar PV power without having to fund the initial capital expenses for the installation of solar PV facilities. With this zero capital expenditure arrangement, we can attract power consumers to install solar PV facilities on their premises while generating opportunities for our EPCC of solar PV facility business.

In this respect, we already have a track record in carrying out EPCC of solar PV facility projects under the zero capital expenditure arrangement with our customers who are solar PV investors including GSPARX Sdn Bhd, HIS Cenergi Sdn Bhd and Evergreen Fintech Sdn Bhd. We are one of their panels of EPCC contractors to be involved with their zero capital expenditure projects. For the Financial Years Under Review and up to the LPD, 40 of our completed and on-going EPCC projects are from solar PV investors with an aggregated contract value of approximately RM33.62 million.

The zero capital expenditure for the installation of solar PV facility is in line with the Government's objective of promoting higher adoption of RE. In 2021, the Ministry of Energy and Natural Resources introduced the Energy Transition Plan 2021-2040 with a target to increase the share of RE in the total installed capacity in Malaysia to 31% in 2025 and 40% in 2035. (Source: Industry Overview)

Our relationships with solar PV investors will provide us with the advantage of offering zero capital expenditure to power consumers and encourage the installation of solar PV facilities to serve as a platform for our EPCC of solar PV facility business segment. As for the solar PV investors, this investment generates recurrent revenue and provides a certain amount of predictable cash inflow.

#### 6.1.3 Share capital and changes in share capital

As at the LPD, our issued share capital is RM49,000,002 comprising 350,000,000 Shares.

Details of the changes in our issued share capital since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
25 May 2021	2	2	Subscribers' shares	2
29 July 2022	349,999,998	49,000,000	Otherwise than cash for the Acquisition of Fabulous Sunview	49,000,002

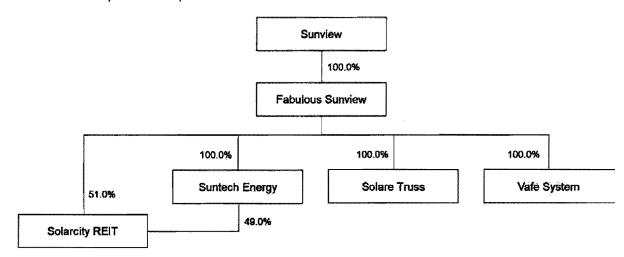
There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM83,220,002 comprising 468,000,000 Shares.

#### 6.1.4 Subsidiaries

Our current corporate Group structure is illustrated below:



As at the LPD, we have 5 subsidiaries and we do not have any associate company. The principal place of business for all our 5 subsidiaries is in Malaysia. Details of our subsidiaries are set out below:

Company name and registration no.	Date and place of incorporation	Issued share capital	Effective equity interest (%)	Principal activities
Fabulous Sunview Sdn Bhd 201301006831 (1036671-H)	1 March 2013 / Malaysia	RM40,249,437.24	100	EPCC of solar PV and other RE facilities, provision of solar PV construction and installation services, and associated services and products
Suntech Energy Sdn Bhd 201301028089 (1057919-A)	13 August 2013 / Malaysia	RM4,000,000.00	100*	Solar power generation and supply
Solarcity REIT Sdn Bhd 201901033470 (1342800-D)	19 September 2019 / Malaysia	RM1,000,000.00	100#	Solar power generation and supply
Solare Truss Sdn Bhd 201401022289 (1098375-M)	19 June 2014 / Malaysia	RM1,000,000.00	100*	Solar PV construction and installation services, and supply of solar PV equipment and ancillary systems as well as EPCC of other RE facilities
Vafe System Sdn Bhd 201401048114 (1124303-W)	24 December 2014 / Malaysia	RM1,800,000.00	100*	Solar power generation and supply

#### Notes:

- Held through Fabulous Sunview.
- # Held through Fabulous Sunview and Suntech Energy.

#### 6.2 SHARE CAPITAL INFORMATION ON OUR SUBSIDIARIES

#### 6.2.1 Fabulous Sunview

Fabulous Sunview was incorporated on 1 March 2013 in Malaysia under the Companies Act 1965 as a private limited company and is deemed registered under the Act.

As at the LPD, the issued share capital of Fabulous Sunview is RM40,249,437.24 comprising 1,661,274 ordinary shares.

The changes in the issued share capital of Fabulous Sunview for the Financial Years Under Review up to the LPD are as follows:

			Cun	Cumulative issued share capit			
Date of allotment	No. of Fabulous Sunview shares allotted <sup>(1)</sup>	Consideration / Type of issue	RM	No. of ordinary shares	No. of RCPS / ICPS		
28 June 2019	60,811	RM1,000,000 / Cash	1,750,000	810,811	-		
8 January 2020	34,259	RM500,000 / Cash	2,250,000	845,070	-		
15 December 2020 <sup>(2)</sup>	450,704 RCPS	RM15,999,992 / Cash	18,249,992	845,070	450,704 RCPS		
30 September 2021 <sup>(3)</sup>	284,097	RM17,099,798 / Cash	35,349,790	1,129,167	450,704 RCPS		
7 October 2021 <sup>(3)</sup>	81,403	RM4,899,647 / Cash	40,249,437	1,210,570	450,704 RCPS		
29 November 2021 <sup>(4)</sup>	450,704 ICPS	RM15,999,992 / Redemption of RCPS	40,249,437	1,210,570	450,704 ICPS		
22 July 2022 <sup>(5)</sup>	450,704	- / Conversion of ICPS	40,249, 437	1,661,274	_		

#### Notes:

- (1) Ordinary shares, unless otherwise stated.
- (2) Please refer to Section 4.1.1(a) of this Prospectus for further details of the Issuance of RCPS to Basil Power.
- (3) Please refer to Section 4.1.1(d) of this Prospectus for further details of the Pre-IPO Fund Raising.
- (4) Please refer to Section 4.1.1(e) of this Prospectus for further details of the RCPS Redemption and issuance of ICPS.
- (5) Please refer to Section 4.1.2(a)(i) of this Prospectus for further details of the ICPS Conversion.

Save for the above, none of the ordinary shares of Fabulous Sunview were issued at a discount, on special terms or based on installment payment terms. As at the LPD, Fabulous Sunview does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### 6.2.2 Suntech Energy

Suntech Energy was incorporated on 13 August 2013 in Malaysia under the Companies Act 1965 as a private limited company and is deemed registered under the Act.

As at the LPD, the issued share capital of Suntech Energy is RM4,000,000 comprising 4,000,000 ordinary shares. There has been no change in the issued share capital of Suntech Energy for the Financial Years Under Review up to the LPD.

None of the ordinary shares of Suntech Energy were issued at a discount, on special terms or based on installment payment terms. As at the LPD, Suntech Energy does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### 6.2.3 Solarcity REIT

Solarcity REIT was incorporated on 19 September 2019 in Malaysia under the Act as a private limited company.

As at the LPD, the issued share capital of Solarcity REIT is RM1,000,000 comprising 1,000,000 ordinary shares.

The changes in the issued share capital of Solarcity REIT for the Financial Years Under Review up to the LPD are as follows:

	No. of Solarcity	-		ative issued hare capital
Date of allotment	REIT shares allotted	Consideration / Type of issue	RM	No. of shares
19 September 2019	100	RM100 / Subscribers' shares	100	100
3 March 2021	999,900	RM999,900 / Cash	1,000,000	1,000,000

None of the ordinary shares of Solarcity REIT were issued at a discount, on special terms or based on installment payment terms. As at the LPD, Solarcity REIT does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### 6.2.4 Solare Truss

Solare Truss was incorporated on 19 June 2014 in Malaysia under the Companies Act 1965 as a private limited company and is deemed registered under the Act.

As at the LPD, the issued share capital of Solare Truss is RM1,000,000 comprising 1,000,000 ordinary shares.

The changes in the issued share capital of Solare Truss for the Financial Years Under Review up to the LPD are as follows:

	No. of Solare	11,499,480-0000	ative issued hare capital	
Date of allotment	Truss shares allotted	Consideration / Type of issue	RM	No. of shares
10 May 2022	900,000	RM900,000 / Cash	1,000,000	1,000,000

None of the ordinary shares of Solare Truss were issued at a discount, on special terms or based on installment payment terms. As at the LPD, Solare Truss does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### 6.2.5 Vafe System

Vafe System was incorporated on 24 December 2014 in Malaysia under the Companies Act 1965 as a private limited company and is deemed registered under the Act.

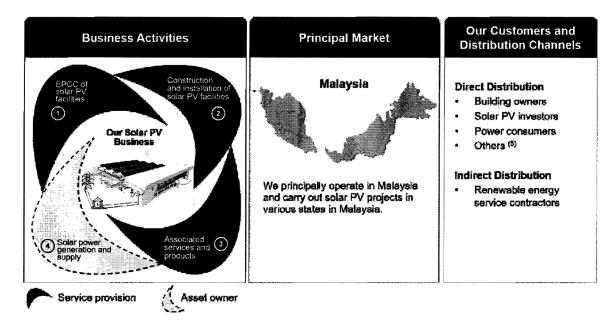
As at the LPD, the issued share capital of Vafe System is RM1,800,000 comprising 1,800,000 ordinary shares. There has been no change in the issued share capital of Vafe System for the Financial Years Under Review up to the LPD.

None of the ordinary shares of Vafe System were issued at a discount, on special terms or based on installment payment terms. As at the LPD, Vafe System does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### 6.3 BUSINESS OVERVIEW

#### 6.3.1 Our business model

Our business model is as follows:



#### Notes:

- (1) For the Financial Years Under Review, revenue contribution for EPCC were from rooftop solar PV facility projects and LSS PV facility projects.
- (2) For the Financial Years Under Review, revenue contributions were mainly derived from subcontracted works for solar PV projects including rooftop and ground mounted for LSS.
- (3) Comprises solar PV consulting and engineering services, as well as supply of solar PV equipment and ancillary systems.
- (4) For the Financial Years Under Review, revenue contributions were from the solar power generation and supply from our rooftop solar PV facilities.
- (5) Other direct distribution channel includes facility developer or owner for the solar PV consulting and engineering services.

#### (a) Our business activities

We are involved in renewable energy principally in the provision of solar PV construction related services, as well as the solar power generation and supply as follows:

• EPCC of solar PV facilities: We carry out EPCC for solar PV facilities providing end-to-end services from engineering design, planning and procurement, construction and installation up to testing and commissioning. Revenue contribution from EPCC of solar PV facilities accounted for 76.38% (RM4.32 million), 38.68% (RM10.20 million), 46.06% (RM19.96 million) and 75.73% (RM75.17 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. For the Financial Years Under Review and up to the LPD, our completed EPCC projects were for rooftop solar PV facilities on industrial, commercial and residential buildings with installed capacities ranging between 4.30 kWp and 2,114 kWp.

For the Financial Years under Review and up to the LPD, we have completed a total of 98 EPCC of solar PV rooftop projects with an aggregated installed capacity of 23.08 MWp.

In 2021, we expanded into the EPCC of LSS PV facility project where we secured 6 LSS PV facility projects under the LSS 1, LSS 2 and LSS 4 programme with an aggregated installed capacity of 170.00 MWac. In 2022, we secured an additional EPCC of a utility scale solar PV facility under the NEDA programme with an installed capacity of 8.00 MWac. As at the LPD, the aggregated contract value of these projects is RM658.04 million. Please refer to Section 6.3.3.1 (iv) (c) of this Prospectus for further details.

Construction and installation of solar PV facilities: We also provide construction
and installation for solar PV facilities including LSS PV facilities projects, operating as
a subcontractor to EPCC contractors. We are involved in site clearance and
management, M&E, piling, assembly and installation of mounting systems, and
installation of solar PV modules and related electrical and communications equipment
and systems.

Revenue contribution from construction and installation works accounted for 10.46% (RM0.59 million), 41.68% (RM10.99 million), 40.37% (RM17.49 million) and 8.85% RM8.79 million of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. For the Financial Years Under Review and up to the LPD, we were involved in construction and installation works for 6 LSS PV facilities with installed capacity ranging between 29.92 MWac and 100.00 MWac as a subcontractor and these projects have been completed as at the LPD. Please refer to Section 6.3.3.2 (iii) (a) of this Prospectus for further details.

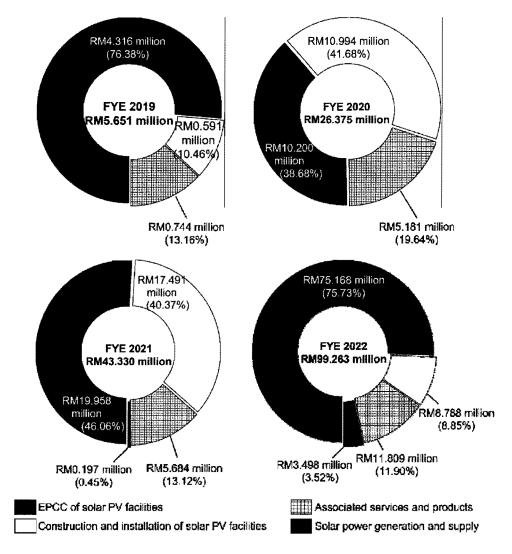
Associated services and products: We also provide associated services and
products to complement our core services in EPCC, and construction and installation
services. This includes provision of solar PV consulting and engineering services, O&M
services, as well as supply of related equipment and ancillary construction materials
such as PV module mounting systems and gutters. Solar PV consulting and
engineering services include the preparation and submission of documentations to
authorities, facility audit and site surveys, and providing seminars and training services.

Revenue contribution from associated services and products accounted for 13.16% (RM0.74 million), 19.64% (RM5.18 million), 13.12% (RM5.68 million) and 11.90% RM11.81 million of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

• Solar power generation and supply: In 2019, we embarked on being an asset owner of solar PV facilities to generate and supply solar power through Solarcity REIT. Owning solar PV facilities enables us to generate recurrent revenue to supplement our project based revenue streams. As at the LPD, we own 18 solar PV facilities of which 15 were through AOO while remaining 3 were either BOO or BOOT and we plan to construct 2 new solar PV facilities by 2023. Please refer to Section 6.3.3.4 (iii) of this Prospectus for further details.

The generated solar power are for sale to individual consumers as well as TNB. Revenue contribution from the sales of solar power accounted for less than 1% of our total revenue for the FYE 2021. In FYE 2022, revenue contribution from solar power generation and supply accounted for 3.52% (RM3.50 million) of our total revenue for FYE 2022.

Our revenue segmented by business activities for the Financial Years Under Review are as follows:



For the Financial Years under Review, our business grew from RM5.65 million for the FYE 2019 to RM99.26 million for the FYE 2022, mainly driven by the EPCC of solar PV facilities services as well as the construction and installation of solar PV facilities services.

For the FYE 2020, the growth in our revenue was mainly driven by the provision of subcontracted construction and installation works for an LSS PV plant in the east coast and northern region of Peninsular Malaysia. In addition, the growth in revenue was partly contributed by EPCC projects for solar PV facilities in the northern and central regions of Peninsular Malaysia. These were mainly for projects relating to solar PV facilities that were installed on rooftop of industrial buildings.

The growth in revenue for FYE 2021 was mainly driven by EPCC projects for solar PV facilities located in the southern and central regions of Peninsular Malaysia, and also partly from the provision of subcontracted construction and installation services for an LSS PV project in the east coast region of Peninsular Malaysia.

The growth in revenue for FYE 2022 was mainly driven by EPCC projects for solar PV facilities located in the East Malaysia, northern and central region of Peninsular Malaysia, and also partly from associated services and products as well as solar power generation and supply.

#### (b) Principal Market

Our principal market is Malaysia where we derived all our revenue for the Financial Years Under Review and up to the LPD.

#### (c) Distribution Channel and Customers

We utilise both direct and indirect distribution channels as follows:

- We mainly adopt direct distribution channel where we secure work directly from building owners as well as owners and investors of solar PV facilities. In addition, we generate and supply solar power directly to commercial and industrial customers. For the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, revenue generated from direct distribution channel accounted for 68.44% (RM3.87 million), 39.92% (RM10.53 million), 51.87% (RM22.48 million) and 63.42% (RM62.95 million) of our total revenue respectively.
- Our indirect distribution channel is where we work with intermediaries such as other renewable energy service providers or EPCC contractors where we are engaged as a subcontractor to provide solar PV construction and installation works. For the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, our revenue generated from indirect distribution channel accounted for 31.56% (RM1.78 million), 60.08% (RM15.85 million), 48.13% (RM20.85 million) and 36.58% (RM36.31 million).

#### 6.3.2 Our Mode of Operations

#### 6.3.2.1 Provision of solar PV services segment

For our provision of solar PV services segment comprising EPCC, and construction and installation of solar PV facilities, we mainly secure our projects through competitive bidding or tendering. Our mode of operations for solar PV projects are as follows:

#### (i) Fixed lump sum contract

We operate based on a fixed lump sum contract which specifies the scope of work and deliverables, timeline for delivery and schedule of payment, as well as a fixed price for the contract. Our customer will pay us the fixed price of the contract subject to any variation in orders or claims against LAD. The typical contract period for our EPCC of rooftop solar PV facilities is within 12 months and EPCC of LSS PV plant projects will take up to 18 months, while the provision of subcontracting construction and installation services is completed within a period of up to 7 months.

We will issue the invoice to the customers based on the progress milestones along the project timeline. Upon the acceptance of handover by the customer and the issuance of the completion of testing and commissioning form or certificate of practical completion or certificate of practical acceptance or project completion letter, we will issue the invoice for the final portion of the contract value. Thereafter, we will not derive any more revenue for that contract. Fixed lump sum contracts are our most common mode of operation for the EPCC of solar PV facilities, and subcontracting construction and installation of solar PV projects.

Depending on the contract, some of our commitments typically stipulated in the fixed lump sum contract for an EPCC project may include 1 or more of the terms below:

- defect liability period ranging between 12 months and 36 months;
- vendor/supplier warranty that we offer include 1 or more of the following:
  - free maintenance for a period ranging from 3 months and up to 36 months; and/or
  - workmanship warranty for a period ranging between 1 year and 5 years where
    we warrant the design, components, and assembly of the facilities as well as
    other services such as solar panel washing and yearly maintenance services
    as stipulated.
- The common equipment warranty offered by the equipment manufacturer typically include:
  - solar PV module warranty free from defects in material and workmanship for 10 to 12 years:
    - 90% of the specified minimum output for 10 years;
    - > 80% of the specified minimum output for 25 years.
  - inverter warranty free from defects for 5 years;
  - warranty in material and workmanship for a period ranging between 2 years and
     10 years; and
  - others include support structure warranty for 10 years, and electrical board and protection warranty for 2 years.

We have back-to-back warranty arrangements with equipment manufacturers to replace faulty equipment. We would be required to bear the costs of physically replacing the affected equipment.

- Retention sum is commonly applicable to solar PV facility projects for commercial and industrial applications as well as LSS PV facility projects as stipulated in the contract. The retention sum ranges from 5% to 10% of the contract value. Depending on the contract, the retention sum is commonly released in either of the following ways:
  - the entire retention sum will be released upon expiry of the defect liability period; or
  - the retention sum will be released in 2 portions where the first portion is released upon issuance of the certificate of practical completion ("CPC") or handover document, while the second portion will be made upon the issuance of a certificate of making good defects ("CMGD") or upon the expiration of the defect liability period.

Typically, there is no retention sum required for EPCC of solar PV facilities for residential buildings.

- As an EPCC contractor, we are typically required to provide performance security to the project owner for commercial and industrial application projects as well as LSS PV projects as follows:
  - Performance bond or bank guarantee is required to be prepared and provided by us to the project owner. A performance bond or bank guarantee value ranges between 2.5% and 15% of the contract value. The validity of the performance bond is typically valid from the date of NTP until 1 to 3 months after the scheduled commercial operation date ("COD").
  - Defect liability bond is prepared and will be provided to the project owner upon the issuance of a certificate of taking over or acceptance, and the value is between 5% and 6.5% of the contract value. This defect liability bond is valid up to 3 months after the expiration of the defect liability period.

In addition, a number of our EPCC contracts require us to provide an advance payment bond of 10% of the contract value to the project owner of LSS PV projects. The purpose of the advance payment bond is to provide assurance that the EPCC contractor will kick-start the project as well as a form of security for the down payment made by the customer.

There is no requirement to provide performance security for EPCC of solar PV facilities for residential buildings.

In addition to the above, we are subjected to various liquidated damages for LSS solar PV projects as follows:

 Delay liquidated damages are designed to compensate the project owner for loss or damage suffered as a result of late completion based on the agreed schedule. The project owner will claim delay liquidated damages based on the predetermined or agreed daily rate for each day of the delay, and up to a maximum value ranges between 10% and 15% of the contract value depending on the contract.

Certain rooftop solar PV projects are also subjected to similar delay liquidated damages as mentioned above.

- Performance liquidated damages are designed to compensate the project owner if
  the facility fails to achieve the performance levels as stipulated in the contract including
  guaranteed peak capacity and guaranteed established capacity upon the provisional
  acceptance date, and guaranteed performance ratio<sup>(1)</sup> and guaranteed plant availability
  for the guaranteed period. The compensation to the owner shall be as follows:
  - the shortfall between the actual peak capacity and the guaranteed peak capacity multiplied by a predetermined rate per MWp or part thereof;
  - the shortfall between the actual capacity and the guaranteed established capacity multiplied by a predetermined rate per MWp or part thereof; and
  - the shortfall between the actual performance ratio and the guaranteed performance ratio multiplied by a predetermined amount for each percentage.

Certain rooftop solar PV projects are also subject to similar performance liquidated damages focusing on shortfall against the guaranteed performance ratio discussed above.

#### Note:

(1) The performance ratio ("PR") is a measure of the quality of the PV facility which is dependent on the location where the facility is installed. The PR is stated as percent and describes the relationship between the actual and theoretical energy output of the PV facility as follows:

$$Performance\ Ratio = \frac{Actual\ energy\ output}{A*r*H}$$

A = total solar PV module area; r = solar PV module yield; and H = solar insolation on tilted solar PV module (shadings not included)

Generally, the common factors that may affect the PR value include:

- environmental factors:
- temperature of the solar PV modules:
- solar irradiation and power dissipation; and
- the condition of the solar PV module whether the solar PV module is in the shade.
- Abandonment liquidated damages are designed to compensate the project owner if the PPA is abandoned prior to the COD and during the first year of the O&M period, that is attributable to us as the EPCC contractor or we abandon the project after the commencement of project, in which case we shall pay the owner a predetermined fixed amount or a predetermined fixed amount plus the total contract value. This is in reference to one of our subsisting contracts where the predetermined amount for the abandonment liquidated damages is RM45.00 million and the total contract value is RM169.18 million.

Similarly, certain rooftop solar PV projects are also subject to the abandonment liquidated damages where the compensation is up to 10% of the total contract value.

#### 6.3.2.2 Asset owner segment

Our asset owner segment is based on various models including BOOT, BOO as well as AOO of solar PV facilities. Our mode of operation is as follows:

- For the BOOT and BOO model, we will carry out the EPCC of the rooftop solar PV facility as well as operate and maintain the rooftop solar PV facility at our expense. While for the AOO model, we acquire the facility and will also operate and maintain the rooftop solar PV facility at our expense.
- Our revenue from the solar power generation and supply will be through a PPA including the following types:
  - REPPA with the distribution licensee;
  - private PPA (including solar contract) with the user; and
  - SARE with the user and the distribution licensee.

Tenure of PPA typically ranges between 15 and 25 years from the COD, where we will charge for electricity generated, multiplied by an agreed fixed tariff on a kilowatt-hour (kWh) basis. The agreed fixed tariff of our 18 solar PV facilities varies and is dependent on a mutually agreed rate between our Group and the customer which are stipulated in the agreement. Please refer to Section 6.3.3.4(iii) of this Prospectus for further details on the solar PV facilities that we currently own.

Our customer who is the power user will be invoiced monthly in arrears for the power generated. An example of our charge-out is as follows:

Power generated in month-1 (kWh)	Agreed fixed tariff (RM/kWh)	Amount payable by user for month-1 ( <b>RM</b> )
50,000	0.33	16,500.00

For private PPA, we provide a power production guarantee based on the guaranteed performance ratio during the term of the private PPA as stipulated in the contract. The guaranteed performance ratio typically reduces gradually every year up to the end of the PPA.

In the event we are unable to achieve the performance levels as stipulated in the contract, we will need to compensate the user for the difference between the guaranteed performance ratio on the electricity generation and the actual electricity generation. For illustration purposes, an example for the calculation of the liquidated damages is on a yearly basis using the following formula:

#### Liquidated damages

= shortfall of the guaranteed electricity generation x (TNB tariff rate - Contracted solar tariff rate)

An example for calculating liquidated damages is as follows:

Guaranteed performance ratio (GPR) (%)	Α	73.26	
Equivalent GPR (MWh)	В	1,044.10	
Equivalent of 1% of performance ratio (MWh)	С	14.25	B/A
Actual performance ratio (APR) (%)	D	60.00	
Shortfall in performance ratio (%)	E	13.26	A-D
Shortfall in performance ratio (MWh)	F	188.96	ExC
Contracted solar tariff rate (RM/kWh)	G	0.30	
TNB tariff rate (RM/kWh)	Н	0.40	
Difference in tariff rate (RM/kWh)	I	0.10	H-G
Liquidated damages (RM)	J	18.90	FxI

In the event of a default in payment by our customer, our customer will have to pay us the buyback value of the rooftop solar PV facility which is fixed for each year of the duration of the private PPA commencing on the first year of the COD. The buyback value refers to the residual value of the facility as stipulated in the agreement.

Upon the expiration of the private PPA, the rooftop solar PV facility will automatically be transferred to the customer free of charge or removed from the premises at our cost if requested by the customer. In the event that the customer decides not to keep the equipment, we will reuse the said solar PV facilities and the related equipment for other purposes if they are still economically functional.

#### 6.3.3 Our Products and Services

#### **Overview of Solar PV Facilities**

Solar PV facilities are power generating facilities that operate by using solar cells to convert sunlight directly into electricity. At the core of a solar PV facility are several connected solar PV modules, where each module comprises multiple connected solar cells that are responsible for the generation of electricity. These solar PV modules are then connected into large arrays to provide the required power generating capacity of the facility.

In addition to the core solar PV modules, there are other equipment and structures required to complete the whole facility, which are referred to as balance of system.

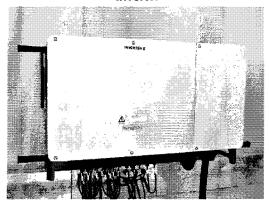
For solar PV facilities with lower installed capacity such as rooftop solar PV facilities, the balance of system includes the following, among others:

- mounting systems;
- cabling and wiring;
- junction/combiner boxes with switches, fuses and circuit breaker;
- distribution boards;
- inverters;
- solar logger;
- electricity metering devices;
- electrical and lightning protection devices;
- battery banks and chargers (optional); and
- monitoring system.

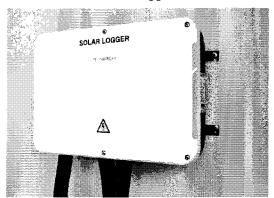
For solar PV facilities with higher installed capacity such as ground mounted utility scale solar PV facilities, the balance of system includes the above and the following, among others:

- transformers;
- switchgears/switchboards;
- AC and DC isolators;
- sensors including irradiance and wind speed;
- SCADA systems;
- monitoring and control centre; and
- interconnection to the nearest substation.

Inverter



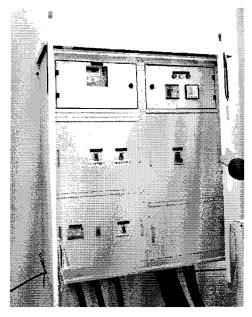
Solar logger



Metering device



**AC Switchboard** 



Generally, grid-connected solar PV facilities are implemented under the solar PV programmes initiated by the Government. For the Financial Years Under Review, our projects are implemented under the following programmes:

#### (i) FiT

FiT programme obliges the distribution licensees, including TNB and Sabah Electricity Sdn Bhd, to buy electricity generated from renewable resources produced by Feed-in approval holders (FiAH) at a pre-determined rate for a specific duration which are typically for 21 years. Renewable resources eligible for FiT programme are solar PV, biogas, biomass and small hydropower. Under this programme, no new quota has been allocated for solar PV since 2017 except 5.00 MW under the community category including schools, care centres and places of worship. In 2017, the quota that was allocated by SEDA under the community category was the last quota offered. There was no additional quota offered under the FiT programme for solar PV facilities since 2017. For the Financial Years Under Review and up to the LPD, our Group has 1 on-going EPCC solar PV projects under the FiT programme for the re-installation of a rooftop solar PV facility as requested by the customer who is an existing Feed-in approval holder.

#### (ii) NEM

- NEM: NEM programme allows consumers to generate solar PV electricity for selfconsumption, and export any excess electricity to the power grid at prevailing displaced cost.
- NEM 2.0: In January 2019, the NEM programme was enhanced to NEM 2.0. The NEM 2.0 allows excess solar PV electricity to be exported to the power grid on a one-on-one (1-on-1) offset basis by off-setting every 1.00 kWh exported with 1.00 kWh consumed from the grid.
- NEM 3.0: In December 2020, the NEM 3.0 was introduced which allow excess solar PV electricity to be exported and used to offset the subsequent bill payment. The offset of the electricity bill is applicable for the first 10 years. Subsequent to the 10 years electricity offset period, the solar PV electricity generated will be for self-consumption only and offsetting of the electricity bill or export of excess electricity will not be permitted. As at the LPD, the solar PV quota available for allocation under the NEM 3.0 programme is approximately 315 MWac up to 2023. The NEM 3.0 programme is categorised into the following:

NEM 3.0 Programmes	Consumer category	Programme benefits for Peninsular Malaysia		
NEM Rakyat	Residential	Any excess solar PV electricity generated in any 1		
NEM GoMEn	Government agencies	month may be exported and used to offset, on a 1- to-1 basis, subsequent bill payments up to a maximum of 12 months.		
Net Offset Virtual Aggregates (NOVA)	Commercial, industrial, mining and agriculture	Any excess solar PV electricity generated may be exported to a distribution licensee or for use by a maximum of 3 designated premises to offset the bill payments for their next billing periods.		

Source: Industry Overview

For the Financial Years Under Review and up to the LPD, our Group has 112 EPCC of solar PV facility projects under the NEM programme including NEM NOVA, NEM GoMEn and NEM Rakyat, of which 88 projects have been completed while 24 projects are still on-going. Please refer to Section 6.3.3.1 (ii) of this Prospectus for further details.

#### (iii) SELCO

SELCO programme involves the installation of solar PV facilities for consumer's own use. Any excess electricity generated under SELCO is not allowed to be exported to the power grid. Quota is not applicable under the SELCO programme, however solar PV installations of 72kW or more are required to apply for a licence from the Energy Commission Malaysia. For the Financial Years Under Review and up to the LPD, our Group has 10 completed and 3 on-going EPCC of solar PV facility projects under the SELCO programme.

#### (iv) LSS

The LSS programme in Malaysia is a programme initiated by the Energy Commission for utility grid connected solar PV plants with a generation capacity of 1.00 MWac or more. The contract for the development of the LSS PV plant project was based on competitive bidding and the awarded bidder will be responsible to build, own, operate and generate electricity for sale to the distribution licensee namely TNB or Sabah Electricity Sdn Bhd for 21 years under a PPA arrangement. For the Financial Years Under Review and up to the LPD, we have 6 on-going EPCC of solar PV facility projects under the LSS programme.

#### (v) NEDA

NEDA is a programme which allows an entity involved in power generation to sell power to a single buyer such as TNB. Under the NEDA programme, power generators are allowed to submit bids for their variable costs such as fuel, operations and maintenance costs on a daily basis to compete for more power generation supply. For the Financial Years Under Review and up to the LPD, we have 1 on-going EPCC of solar PV facility projects under the NEDA programme.

#### 6.3.3.1 EPCC of Solar PV Facilities

#### (i) Overview

We carry out EPCC of solar PV facilities where we are the main contractor responsible for the entire project from planning up to commercial operation where we provide end-to-end services from engineering design, planning and procurement, construction and installation up to testing and commissioning. As an EPCC contractor, we engage subcontractors to carry out the construction and installation works for the solar PV facilities under our supervision.

Our revenue generated from EPCC projects were mainly driven by rooftop solar PV facilities with an installed capacity of less than 1.00 MW, which accounted for 76.38% (RM4.32 million), 38.53% (RM10.16 million), 30.79% (RM13.34 million) and 16.79% (RM16.67 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. Meanwhile, our EPCC of rooftop solar PV facilities with an installed capacity of 1.00 MW and above accounted for 0.15% (RM0.04 million), 15.27% (RM6.62 million) and 14.34% (RM14.24 million) of our total revenue for FYE 2020, FYE 2021 and FYE 2022, respectively. For the Financial Years Under Review, all of the solar PV facilities under our EPCC projects were installed on rooftops with connection to the power grid.

For the Financial Years Under Review and up to the LPD, we carried out EPCC of solar PV facilities on the rooftops of the following types of buildings:

- industrial such as factories;
- commercial such as office buildings, retail and shopping complexes, and private school;
- residential, mainly landed houses.

In addition, for the Financial Years Under Review and up to the LPD, we carried out EPCC of ground-mounted LSS PV plants under the LSS 1, LSS 2, LSS 4 and NEDA programme.

Types	FYE 20	019	FYE 2020		FYE 2	021	FYE 2022	
of building	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
Rooftop Solar PV	Facilities						*	
Industrial	3,487	61.70	8,548	32.41	17,399	40.15	20,146	20.30
Commercial	^745	13.18	1,652	6.27	2,423	5.60	10,520	10.60
Residential	84	1.50			136	0.31	244	0.25
Ground-mounted	Solar PV Facili	ties						
LSS PV plants	-		-	-	-	-	44,258	44.59
Sub-total	4,316	76.38	10,200	38.68	19,958	46.06	75,168	75.73

#### Notes:

#### Our EPCC scope of work

Our EPCC of solar PV facilities cover the end-to-end works of the project which includes the following:

Engineering	Procurement	Construction	Commissioning
Planning     Conceptual design     Detailed design	Source and procure materials, equipment, systems and services	Civil and structural     Mechanical and electrical	Testing     Commissioning
•		Instrumentation and control     Installation	

#### Engineering

Engineering refers to the planning and design of the entire solar PV facility. Planning includes establishing all the steps necessary to commence and complete the entire project including timeline for each activity, liaison with authorities to obtain the necessary permits and approvals, human resources planning, logistics as well as project costing and budgeting. Design covers initial conceptualisation up to detailed design of the solar PV arrays and balance of system including system configuration, specifications and layout, and construction related works such as civil, structural, mechanical and electrical.

#### **Procurement**

Procurement refers to the sourcing of all construction materials and equipment including solar modules and balance of systems, and services. Procurement of services include subcontractors and contract workers for the construction, installation and integration of the solar PV facility, consultants to carry out assessment on the project site, logistics service providers for the delivery of materials and equipment to the project site and rental of equipment. We will identify potential suppliers and subcontractors and request for quotation. Once we receive the quotation from the suppliers and subcontractors, we will review the proposed quotation before engaging them as our supplier or subcontractor.

#### Construction

Construction covers structural construction as well as mechanical and electrical installation. This includes reinforcement of roof structure, erection of mounting system, installation of solar modules, cabling works, installation and integration of equipment. For ground mounted solar PV plants,

<sup>\*</sup> Percentage of total revenue; ^ include 1 private school

construction would also include civil works as well as interconnection to the power grid or the nearest substation, where required.

Our principal roles during the construction phase include:

- project management and site supervision;
- quality and safety assurance;
- monitoring the construction, installation and integration process;
- ensuring all works follow project specification and design, and that they meet regulatory compliances; and
- liaising with authorities and other external parties.

We engage external parties who are mainly subcontractors to carry out all the construction and installation works using equipment and material procured by our in-house personnel. All the construction and installation works are carried out under our supervision.

#### Commissioning

Commissioning includes the testing of individual equipment, subsystems and the total installed solar PV facility to ensure that:

- the equipment and materials are functioning according to specifications;
- the solar PV facility is performing as a complete system and is according to specifications and meets the parameters based on the detailed engineering design; and
- the solar PV facility meets regulatory requirements such as the power grid technical requirements of TNB.

Any identified problems and defects will be rectified before the commissioning of the solar PV facility.

#### (ii) EPCC of Rooftop Solar PV Facilities

As at the LPD, all our EPCC projects for rooftop solar PV facilities are mounted on rooftops of buildings with connection to the power grid. Solar PV panels mounted on the rooftop are connected to inverters and switchboards that channel electricity to the premises and the power grid.

Solar module

Solar panel

Generator connection box

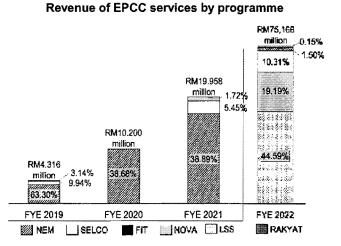
Substation

Inverter

Main distribution box

Grid-connected rooftop solar PV facilities allow users to import electricity from the power grid during periods of low or no power generated from the facilities. Depending on the type of rooftop solar PV programmes, some solar PV facilities are allowed to export excess power to the power grid.

For the FYE 2019, FYE 2020 and FYE 2021, our EPCC of solar PV facilities is mainly driven by projects implemented under NEM programmes which accounted for 63.30% (RM3.58 million), 38.68% (RM10.20 million) and 38.89% (RM16.85 million) of our total Group revenue for FYE 2019, FYE 2020 and FYE 2021. In FYE 2022, EPCC of solar



Note: Percentages are in proportion to total Group revenue.

PV facilities is mainly driven by projects implemented under LSS, NOVA and SELCO programmes which collectively accounted for 74.09% (RM73.53 million) of our total Group revenue for FYE 2022.

For the Financial Years under Review and up to the LPD, our completed and on-going EPCC solar PV facilities projects by programmes are summarised as follows:

Programmes	Number of projects	Aggregated installation capacity	Aggregated contract value (RM '000)
Completed Projects	98		63,695
NEM	50	10.80 MWp	31,691
NOVA / RAKYAT	38	8.14 <b>M</b> Wp	20,891
SELCO	10	4.15 MWp	11,113
On-going Projects	35		685,289
NOVA / RAKYAT / GOMEN	24	8.85 <b>M</b> Wp	21,788
SELCO	3	1.13 MWp	2,930
FiT <sup>(1)</sup>	1	1.00 MWp	2,530
LSS	6	170.00 MWac	629,041
NEDA	1	8.00 MWac	29,000

#### Note:

#### (iii) EPCC of Ground Mounted LSS PV Plant

Since the commencement of our business in 2013, our EPCC services have been mainly focusing on rooftop solar PV facilities on residential, commercial and industrial buildings. For the FYE 2019 to FYE 2021, all of our EPCC revenue was derived from rooftop solar PV facility projects. In FYE 2022, 31.14% (RM30.91 million) of our EPCC revenue was derived from rooftop solar PV facilities projects whilst 44.59% (RM44.26 million) was derived from ground mounted LSS PV plants projects.

<sup>(1)</sup> There has been no additional quota offered under the FiT programme for solar PV facilities since 2017. The project is for the re-installation of a rooftop solar PV facility as requested by the customer who is an existing Feed-in approval holder.

We leveraged on our EPCC expertise and expand into EPCC for LSS PV facilities which are primarily ground mounted solar PV plants. This type of LSS PV plant project has a minimum installed capacity of 1.00 MWac and up to 100.00 MWac based on the 4 LSS programmes that were implemented by the Government since 2017.

#### Neda Power 8.00MWac NEDA Solar PV Plant Kedah Project 50.00MWacLSS 4 PV GV Burni 10 D0MWac Plant Seberang Perai LSS 2 PV Plant KEDAH Project Adil 5.00MWac LSS 1 Sandakan Project PV Plant Tanjong PENANG PERAK Kubong Project BP 5.00MWac LSS 2 Ranhill 50.00MWac LSS 4 PV SABAH KPower 50.00MWac Plant Ladang Bikam Project V Plant Kunak Projec LSS 4 PV Plant Pekan Project PAHANG

#### **Our EPCC of LSS PV Plant and NEDA Projects**

In February 2021, we expanded our EPCC capabilities and secured our first EPCC contract for the ground mounted GV Burni 10.00MWac LSS 2 PV Plant Sandakan Project located in Sandakan, Sabah.

Subsequently, we further secured an additional 5 EPCC contracts for the LSS PV plant under LSS 1, LSS 2 and LSS 4 programme. In 2022, we secured an additional EPCC of a utility scale solar PV facility with an installed capacity of 8.00 MWac under the NEDA programme. In this respect, we secured a total of 6 utility scale of EPCC projects under LSS 1, LSS 2 and LSS 4 programmes with an aggregated installed capacity of 170.00 MWac with an aggregated contract value of RM629.04 million as well as 1 utility scale EPCC project under NEDA programme with a total contract value of RM29.00 million as at the LPD. The EPCC works of these new projects have commenced progressively in 2022. Please refer to section 6.3.3.1 (iv)(c) for the details of the new projects pertaining to the EPCC of LSS PV Plants.

The LSS PV plants are ground mounted and are significantly larger in scale as compared to the rooftop solar PV facilities. The scope of work involved in the EPCC of LSS PV plants is also typically larger than rooftop solar PV facilities as it also involves civil works such as earthworks and piling as well as structural construction including the construction of control room, substations and interconnection facilities which we will engage external subcontractors to carry out the works under our management and supervision.

# (iv) Our EPCC Projects

# (a) Completed Projects

For the Financial Years Under Review and up to the LPD, our completed EPCC projects for rooftop solar PV facilities with capacity above 0.30 MWp are as follows:

	Project Name	Customer type	Type of buildings	Project location	Type of programme	Capacity (MWp)	Contract value <sup>(1)</sup> (RM million)	Start date <sup>(2)</sup> / Completion date <sup>(3)</sup>
1.	Gsparx Fusipim 0.30 MWp Rooftop Solar PV Facility Sungai Besar Project	Investor	Industrial	Sungai Besar, Selangor	NEM	0.30	0.78	July 2020 / February 2021
2.	Gsparx Jiesin 0.30 MWp Rooftop Solar PV Facility Johor Bahru Project <sup>(5)</sup>	Investor	Industrial	Johor Bahru, Johor	NEM	0.30	0.84	June 2020 / March 2021
3.	Yong 0.30 MWp Rooftop Solar PV Facility Batu Pahat Project	Building owner	Commercial	Batu Pahat, Johor	NEM	0.30	0.85	December 2019 / August 2020
4.	Gsparx Fairy Food 0.30 MWp Solar PV Facility Sungai Petani Project	Investor	Industrial	Sungai Petani, Kedah	NEM	0.30	0.98	November 2019 / March 2020
5.	Gsparx Yithai 0.30 MWp Rooftop Solar PV Facility Alor Gajah Project <sup>(5)</sup>	Investor	Industrial	Alor Gajah, Melaka	NEM	0.30	0.99	March 2020 / March 2021
6.	Gsparx Kenko Food 0.31 MWp Rooftop Solar PV Facility Johor Bahru Project <sup>(5)</sup>	Investor	Industrial	Johor Bahru, Johor	NEM	0.31	0.87	October 2019 / July 2020
7.	Binasat 0.31 MWp Rooftop Solar PV Facility Kuala Lumpur Project	Building owner	Commercial	Bukit Jalil, Kuala Lumpur	NOVA	0.31	0.82	April 2021 / March 2022
8.	Platinum Phase 0.33 MWp Rooftop Solar PV Facility Sungai Petani Project	Building owner	Industrial	Sungai Petani, Kedah	NEM	0.33	1.04	June 2019 / September 2019

	Project Name	Customer type	Type of buildings	Project location	Type of programme	Capacity (MWp)	Contract value <sup>(1)</sup> (RM million)	Start date <sup>(2)</sup> / Completion date <sup>(3)</sup>
9.	Techbond 0.34 MWp Rooftop Solar PV Facility Shah Alam Project	Building owner	Industrial	Shah Alam, Selangor	NOVA	0.34	0.70	April 2021 / May 2022
10.	Gsparx Cyberview 0.35 MWp Rooftop Solar PV Facility Cyberjaya Project <sup>(4)</sup>	Investor	Commercial	Cyberjaya, Selangor	NEM	0.35 <sup>(4)</sup>	0.93	October 2019 / April 2020
11.	SCT Industries 0.35 MWp Rooftop Solar PV Facility Nilai Project	Building owner	Industrial	Nilai, Negeri Sembilan	NEM	0.35	1.26	September 2018 / July 2019
12.	Gsparx Lew Peng 0.41 MWp Rooftop Solar PV Facility Kluang Project <sup>(5)</sup>	Investor	Industrial	Kluang, Johor	NEM	0.41	1.19	October 2019 / July 2020
13.	Watertec 0.41 MWp Rooftop Solar PV Facility Shah Alam Project	Building owner	Industrial	Shah Alam, Selangor	NEM	0.41	1.49	November 2018 / March 2019
14.	Suntech A&O Food 0.42 MWp Rooftop Solar PV Facility Masai Project <sup>(5)</sup>	RE service provider / Main contractor	Commercial	Masai, Johor	NEM	0.42	1.17	May 2020 / August 2020
15.	Mattan 0.42 MWp Rooftop Solar PV Facility Cheras Project	Main contractor	Industrial	Cheras, Selangor	NOVA	0.42	1.04	October 2021 / February 2022
16.	Cenergi Rompin 0.49 MWp Rooftop Solar PV Facility Muadzam Shah Project	Investor	Industrial	Rompin, Pahang	NEM	0.49	1.20	September 2020 / November 2020
17.	Gsparx Wipro Unza 0.49 MWp Rooftop Solar PV Facility Subang Project	Investor	Industrial	Subang Jaya, Selangor	NEM and SELCO	0.49	1.25	March 2021 / February 2022 <sup>(7)(i)</sup>
18.	PE Plus 0.53 MWp Rooftop Solar PV Facility Klang Project	Building owner	Industrial	Klang, Selangor	NOVA	0.53	1.09	October 2021 / July 2022

	Project Name	Customer type	Type of buildings	Project location	Type of programme	Capacity (MWp)	Contract value <sup>(1)</sup> (RM million)	Start date <sup>(2)</sup> / Completion date <sup>(3)</sup>
19.	Yoong Oon 0.54 MWp Rooftop Solar PV Facility Nilai Project	Building owner	Industrial	Nilai, Negeri Sembilan	NOVA	0.54	1.08	April 2021 / August 2022
20.	Teong Chuan 0.55 MWp Rooftop Solar PV Facility Pelabuhan Klang Project	Building owner	Industrial	Pelabuhan Klang, Selangor	NOVA	0.55	1.60	April 2021 / February 2022
21.	Industrial 0.56 MWp Rooftop Solar PV Facility Shah Alam Project	Building owner	Industrial	Shah Alam, Selangor	NEM	0.56	1.41	May 2020 / November 2020
22.	Gsparx FEC Cable 0.61 MWp Rooftop Solar PV Facility Shah Alam Project	Investor	Industrial	Shah Alam, Selangor	NEM	0.61	1.84	July 2019 / February 2021
23.	Greencells White Café 0.73 MWp Rooftop Solar PV Facility Ipoh Project	Main contractor	Industrial	lpoh, Perak	NOVA	0.73	1.97	November 2021 / March 2022
24.	Kong Lee Eng 0.79 MWp Rooftop Solar PV Facility Shah Alam Project	Building owner	Industrial	Shah Alam, Selangor	NOVA	0.79	1.96	August 2021 / J une 2022
25.	Harumi Brands 0.80 MWp Rooftop Solar PV Facility Sitiawan Project	Building Owner	Industrial	Sitiawan, Perak	NOVA	0.80	2.20	September 2021 / February 2022
26.	Edmark Industries 0.85 MWp Rooftop Solar PV Facility Puchong Project	Building owner	Industrial	Puchong, Selangor	NEM	0.85	2.30	February 2020 / August 2020
27.	Evergreen Farm's Best 1.00 MWp Rooftop Solar PV Facility Masjid Tanah Project	Investor	Industrial	Masjid Tanah, Melaka	SELCO	1.00	2.50	October 2020 / November 2021
28.	Cenergi Inokom 1.21 MWp Rooftop Solar PV Facility Padang Serai Project <sup>(6)</sup>	Investor	Industrial	Padang Serai, Kedah	NOVA	1.21	2.97	April 2020 / March 2022 <sup>(7)(i)</sup>

	Project Name	Customer type	Type of buildings	Project location	Type of programme	Capacity (MWp)	Contract value <sup>(1)</sup> (RM million)	Start date <sup>(2)</sup> / Completion date <sup>(3)</sup>
29.	Munchy 1.74 MWp Rooftop Solar PV Facility Batu Pahat Project	Building owner	Industrial	Batu Pahat / Johor	NEM	1.74	4.59	February 2020 / September 2020
30.	Malakoff Aeon 2.11 MWp Rooftop Solar PV Facility Cheras Project	Investor	Commercial	Cheras, Kuala Lumpur	SELCO	2.11	5.58	June 2021 / January 2022 <sup>(7)(ii)</sup>

#### Notes:

- (1) Total contract value includes variation orders.
- (2) Start date is based on the date of letter of award and/or purchase order and/or document of acceptance and/or documentation based on mutual agreement with customer.
- (3) Completion date is based on testing and commissioning document and/or acceptance document for facility handover.
- (4) This was for EPCC for 4 solar PV facilities in Cyberjaya, Selangor as below:

	Installed Capacity
	(MWp)
SME Technopreneur Centre 3	0.15
Persiaran APEC Learning Centre	0.07
Pejabat Kru Studio	0.07
Garden Residence	0.06
Total installed capacity	0.35

(5) For information purposes, these projects were referred by Suntech Energy.

(6) The contract is for the EPCC works for the following 4 solar PV facilities:

	Installed Capacity
	(MWp)
Carpark	0.10
Hyundai assembly	0.74
Jinbei assembly facility	0.32
Visitor carpark	0.04
Total installed capacity	1.21

- (7) These on-going projects were affected by the COVID-19 pandemic conditions and containment measures in 2021 and we have sought the approval from the relevant customers for EOT.
  - (i) The projects that have received approval for the EOT from customers are as follows:
    - Gsparx Wipro Unza 0.49 MWp Rooftop Solar PV Facility Subang Project; and
    - Cenergi Inokom 1.21 MWp Rooftop Solar PV Facility Padang Serai Project.
  - (ii) As at the LPD, there was no response to our EOT request for the Malakoff Aeon 2.11 MWp Rooftop Solar PV Facility Cheras Project. The project was completed in January 2022 and as at the LPD we have not received any LAD claims from the customer.

# (b) On-going Projects

For the Financial Years Under Review and up to the LPD, our on-going EPCC projects for rooftop solar PV facilities with capacity above 0.30 MWp are as follows:

	Project Name	Customer type	Type of buildings	Project location	Type of programme	Capacity (MWp)	Contract value <sup>(1)</sup> (RM million)	Percentage of completion (%)	Start date <sup>(2)</sup> / Expected completion date <sup>(3)</sup>
1.	Melewar 0.32 MWp Rooftop Solar PV Facility Shah Alam Project	Building Owner	Industrial	Shah Alam, Selangor	NOVA	0.32	0.71	82.59	February 2022 / September 2022
2.	Shantawood 0.42 MWp Rooftop Solar PV Facility Melacca Project	Building Owner	Commercial	Bukit Rambai, Melacca	NOVA	0.42	1.08	0.54	February 2022 / February 2023
3.	Austin 0.43 MWp Rooftop Solar PV Facility Johor Bahru Project	Building Owner	Commercial	Johor Bahru, Johor	NOVA	0.43	0.99	81.04	February 2022 / February 2023
4.	CJ 0.42 MWp Rooftop Solar PV Facility Klang Project	Building Owner	Commercial	Klang, Selangor	NOVA	0.42	0.98	0.33	June 2022 / May 2023
5.	CJ 0.48 MWp Rooftop Solar PV Facility Klang Project	Building Owner	Commercial	Klang, Selangor	NOVA	0.48	1.36	0.27	June 2022 / May 2023
6.	Gsparx Pejabat Setiausaha 0.52 MWp Rooftop Solar PV Facility Shah Alam Project	Investor	Commercial	Shah Alam, Selangor	GOMEN	0.52	1.50	*	August 2022 / February 2023
7.	CHRS 0.55 MWp Rooftop Solar PV Facility Nilai Project	Building Owner	Commercial	Nilai, Negeri Sembilan	NOVA	0.55	1.23	*	July 2022 / June 2023

	Project Name	Customer type	Type of buildings	Project location	Type of programme	Capacity (MWp)	Contract value <sup>(1)</sup> (RM million)	Percentage of completion (%)	Start date <sup>(2)</sup> / Expected completion date <sup>(3)</sup>
8.	E&W 1.00 MWp Rooftop Solar PV Facility Shah Alam Project	Building Owner	Industrial	Shah Alam, Selangor	FiT <sup>(5)</sup>	1.00	2.53	0.14	July 2022 / November 2022
9.	Industrial 1.01 MWp Rooftop Solar PV Facility Klang Project	Main contractor	Industrial	Klang, Selangor	SELCO	1.01	2.23	91.05	December 2020 / September 2022 <sup>(4)(ii)</sup>
10.	Cenergi Sunseap 1.15 MWp Rooftop Solar PV Facility Seremban Project	Investor	Industrial	Seremban, Negeri Sembilan	NOVA	1.15	2.90	73.91	March 2022 / December 2022
11.	GV Bumisinar 3.22 MWp Rooftop Solar PV Facility Project <sup>(6)</sup>	Main contractor	Commercial	Johor, Seremban, Ipoh	NOVA / SELCO <sup>(6)</sup>	3.22	6.15	61.14	July 2021 / August 2023 <sup>(4)(i)</sup> (6)

#### Notes:

- Projects have not commenced as at the LPD.
- (1) Total contract value includes variation orders.
- (2) The start date is based on the date of the letter of award and/or purchase order and/or document of acceptance and/or documentation based on mutual agreement with the customer.
- (3) The expected completion date is based on the letter of award/ documentation based on mutual agreement with the customer. In some situations, the completion date is not stipulated in the contract as these types of contracts typically will be completed within 12 months.
- (4) These on-going projects were affected by the COVID-19 pandemic conditions and containment measures in 2021 and we have sought the approval from the relevant customers for EOT.
  - (i) Subsequently, the project that has received approval on the EOT from customer is as follows:
    - GV Burnisinar 3.22 MWp Rooftop Solar PV Facility Project.

- (ii) The project that is pending approval on the EOT from the customer is as follows:
  - Industrial 1.01 MWp Rooftop Solar PV Facility Klang Project.
- (5) There has been no additional quota offered under the FiT programme for solar PV facilities since 2017. The project is for the re-installation of a rooftop solar PV facility as requested by the customer who is an existing Feed-in approval holder.
- (6) The contract is for the EPCC works for 3 solar PV facilities as the table below:

	Installed Capacity
	(MWp)
Angsana Johor Bahru Mall	1.50
Angsana Ipoh Mall	1.40
Angsana Seremban	0.32
Total installed capacity	3.22

The Angsana Seremban rooftop solar PV facility will be implemented under the NOVA programme while the Angsana Johor Bahru Mall and Angsana Ipoh Mall are in the midst of preparing quota application under the NOVA or SELCO programme. An approval has been obtained from customer for the EOT of up to 18 July 2022. As at the LPD, the EPCC works for Angsana Ipoh Mall and Angsana Seremban rooftop solar PV facility has been completed, while Angsana Johor Bahru Mall is still on-going.

# (c) New LSS Projects

As at the LPD, we secured a total of 7 LSS PV plant projects based on the EPCC contract secured and/or letter of award, and details of the projects are as below:

	Project Name	Customer type	Type of solar PV facilities	Project location	Type of programme	Capacity (Mwac)	Contract value <sup>(1)</sup> (RM million)	Start date <sup>(2)</sup> / Expected completion date <sup>(3)</sup>	Status as at LPD
	Solar PV Plants			- 54 <b>95(III.)</b>		***************************************		A September 1	
1.	BP 5.00 MWac LSS 2 PV Plant Kunak Project	Facility owner	Ground mounted	Kunak, Sabah	LSS 2	5.00	26.00	May 2021 <sup>(4)</sup> / June 2023	Pending NTP <sup>(4)</sup>
2.	Adil 5.00 MWac LSS 1 PV Plant Tanjung Kubong Project	Main contractor	Ground mounted	Tanjung Kubong, Labuan	LSS 1	5.00	20.60	March 2021 <sup>(5)</sup> / June 2023	Commenced EPCC works <sup>(5)</sup>
3.	GV Bumi 10.00 MWac LSS 2 PV Plant Sandakan Project <sup>(10)</sup>	Facility owner	Ground mounted	Sandakan, Sabah	LSS 2	10.00	57.00	February 2021 <sup>(6)</sup> / June 2023	Pending NTP <sup>(6)</sup>
4.	KPower 50.00 MWac LSS 4 PV Plant Pekan Project	Main contractor	Ground mounted	Pekan, Pahang	LSS 4	50.00	179.50	November 2021 <sup>(7)</sup> / June 2023	Pending NTP <sup>(7)</sup>
5.	50.00 MWac LSS 4 PV Plant Pulau Pinang Project <sup>(11)</sup>	Facility owner	Ground mounted	Pulau Pinang	LSS 4	50.00	188.39	October 2021 <sup>(8)</sup> / February 2023	Commenced EPCC works <sup>(8)</sup>
6.	Ranhill 50.00 MWac LSS 4 PV Plant Ladang Bikam Project	Main contractor	Ground mounted	Bidor, Perak	LSS 4	50.00	157.55	December 2021 <sup>(9)</sup> / June 2023	Commenced EPCC works <sup>(9)</sup>
7.	Neda Power 8.00 MWac NEDA Solar PV Plant Kedah Project	Facility owner	Ground mounted	Pendang, Kedah	NEDA	8.00	29.00 <sup>(12)</sup>	July 2022 / February 2023	Pending NTP <sup>(12)</sup>

#### Notes:

- (1) Contract value as stipulated in the EPCC contract or letter of award.
- (2) Start date is based on the date of EPCC contract or letter of award.
- (3) Expected completion date is based on the scheduled completion date stipulated in the EPCC contract or letter of award.
- Pursuant to the letter of award dated 10 May 2021, we commenced the preparation works for the project. The limited NTP was issued by the customer to Fabulous Sunview on 2 August 2021 for the commencement of preliminary construction works including, among others, construction of hoarding and temporary access road, land clearing, site feasibility study, site survey works and design engineering works for authority submission. Fabulous Sunview and the customer entered in to an EPCC contract on 25 April 2022. The remaining construction works of the project is yet to commence and is pending the issuance of NTP from our customer.
- Pursuant to the letter of award dated 31 March 2021, we commenced the preparation works for the project. The limited NTP was issued by the customer to Fabulous Sunview on 23 September 2021 for the commencement of preliminary construction works including, among others, construction of hoarding and temporary access road, land clearing, site feasibility study, site survey works and design engineering works for authority submission. Fabulous Sunview and the customer entered in to an EPCC contract on 21 April 2022 and the remaining construction works has commenced pursuant to the issuance of NTP from our customer on 31 December 2021.
- (6) Pursuant to the EPCC contract dated 10 February 2021, we commenced the preparation and preliminary works for the project. The construction works of the project is yet to commence pending the issuance of NTP from our customer.
- (7) The letter of award was issued by the customer to Fabulous Sunview on 19 November 2021 and we commenced the preparation works for the project. The limited NTP was issued by the customer on 25 November 2021 for the commencement of preliminary works including, among others, construction of hoarding and temporary access road, land clearing, site feasibility study, site survey works and design engineering works for authority submission. Fabulous Sunview and the customer entered into an EPCC contract on the 13 June 2022. The remaining construction works of the project is yet to commence and is pending the issuance of NTP from our customer.
- (8) Pursuant to the letter of engagement dated 10 June 2020 with the customers and Fabulous Sunview entered into a term sheet for the EPCC on 4 August 2021 for the said project. The EPCC contract was signed on October 2021 and we commenced the preparation and preliminary works for the project. The construction works of the project has commenced pursuant the issuance of NTP from our customer on 15 March 2022.
- (9) Pursuant to the letter of award dated 3 September 2021, we commenced preparation works for the project. The limited NTP was issued by the customer to Fabulous Sunview on 1 November 2021 for the commencement of preliminary construction works including among others, construction of perimeter fencing and access road, land clearing, survey works, setting up site facilities and obtaining approval from the related local authorities. Fabulous Sunview and the customer entered into an EPCC sub-contract on 13 December 2021 and the construction works of the project has commenced pursuant to the issuance of NTP from our customer on 14 June 2022.
- (10) For information purposes, this project was referred by Vafe System.

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# 6. INFORMATION ON OUR GROUP (CONT'D)

- (11) For information purposes, this project was referred by Suntech Energy.
- In addition to the contract value, we are eligible for revenue sharing incentive offered by the facility owner where we are entitled to 50% of the daily sales revenue derived from the sales of electrical to TNB for the period between 1 January 2023 to 31 March 2023 subject to the completion of the project on or before 31 December 2022. Moreover, we will also be entitled to a bonus sum of RM500,000 on the condition that the total construction cost does not exceed the contract value. The construction works of the project is yet to commence and is pending the issuance of NTP from our customer.

#### 6.3.3.2 Construction and Installation of Solar PV Facilities

### (i) Overview

We provide construction and installation of solar PV facilities as a subcontractor to EPCC main contractors. For the Financial Years Under Review and up to the LPD, they include the following types of solar PV facilities:

- solar PV plants under the LSS programme; and
- solar PV facility for residential, commercial and industrial properties;

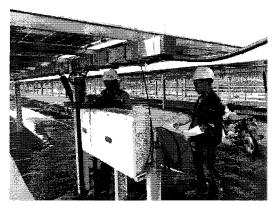
For FYE 2019, FYE 2020, FYE 2021 and FYE 2022, our revenue from subcontracting services for solar PV projects accounted for RM0.59 million (10.46%), RM10.99 million (41.68%), RM17.49 million (40.37%) and RM8.79 million (8.85%) of which RM9.37 million (35.51%), RM15.34 (35.40%) and RM8.54 million (8.60%) were for LSS PV plants for FYE 2020, FYE 2021 and FYE 2022 respectively, while the remaining were for solar PV facility below 1.00 MW.

## (ii) Our Scope of Work

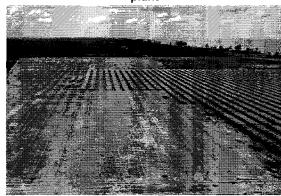
We are responsible for carrying out work based on our customers' designs and specifications. We engage external parties to carry out the construction and installation works under our supervision. We may procure some of the minor equipment and materials such as cables and wires, while the main equipment and components of the solar PV facilities such as the solar PV module, inverters and transformers are procured by the owner of the solar PV facility or the main contractor. Our construction and installation works include the following:

- Civil works, which involve preparation of the site for installation of solar PV facilities. Depending on project site conditions, this may include site clearance, excavation and backfilling, levelling and compacting the earth, piling, construction of access roads and pathways, water supply and drainage system, cable ducts and trenches as well as perimeter fencing. Civil works are only applicable for ground mounted solar PV facilities.
- Structural works, which involve the construction of buildings and structures including control rooms, substations and other structures to house or support the inverters and transformers. For rooftop solar PV facilities, structural works may include reinforcement of roof structure to support the weight of solar PV panels and equipment.
- Mechanical works, which involve the installation of mounting system to hold the solar PV panels, as well as assembly of metal-based support structures for some of the balance of system.

Installation of balance of system



Installation of mounting system for LSS PV plant



Electrical works, which involves the installation and wiring connections of the solar PV panels, which is then connected to various electrical equipment such as inverters and subsequently to the control room. It may also include installation of various safety, telecommunications and monitoring sensors and equipment such as SCADA system, earthing and lighting systems, security system, system control and monitoring and meteorological measuring facilities.

# (iii) Our construction and installation projects

# (a) Completed Projects

For the Financial Years Under Review and up to the LPD, our completed installation and construction for solar PV projects with an installed capacity of 0.30 MW and above were as follows:

	Project Name	Customer Type	Project Location	Work Scope	Capacity	Total Contract Value (1) (RM million)	Start Date <sup>(2)</sup> / Completion Date <sup>(3)</sup>
1.	Cine Art 1.00 MWp Rooftop Solar PV Facility Ipoh Project	Building owner	Ipoh, Perak	Retrofitting works including replacement of solar PV modules and related works	1.00 MWp	2.10	December 2020 / February 2021
2.	1.37 MWp Solar PV Facility Johor Bahru Project	Main contractor	Johor Bahru, Johor	Mechanical and electrical, installation and testing and commissioning	1.37 MWp	0.25	May 2021 / December 2021 <sup>(4)</sup>
3.	MSR 29.92 MWac LSS 2 PV Plant Gebeng Project	Main contractor	Gebeng, Pahang	Mechanical and electrical installation	29.92 MWac	3.60	January 2019 / December 2019
4.	MSR 29.99 MWac LSS 2 PV Plant Paka Project	Main contractor	Paka, Terengganu	Mechanical and electrical installation, supply of material and labour	29.99 MWac	3.90	July 2019 / November 2020
5.	Scatec 30.00 MWac LSS 2 PV Plant Kerian Project	Main contractor	Kerian, Perak	Electrical installation	30.00 MWac	5.13	August 2019 / November 2020
6.	Solar Greencells 30.00 MWac LSS 2 PV Plant Pekan Project	Main contractor	Pekan, Pahang	Site management, mechanical and electrical installation	30.00 MWac	12.06	March 2020 / July 2021
7.	Oirelander 400 00 MM and GO	Main contractor	Marang, Terangganu	Electrical works include installation, testing and commissioning of electrical equipment and related parts	100.00 MWac	4.63	August 2021 / May 2022 <sup>(5)</sup>
8.	Sinohydro 100.00 MWac LSS 3 PV Plant Marang Project	Main contractor	Marang, Terangganu	Mechanical works include the supply of earthing materials, installation and testing of PV modules and related parts	100.00 MWac	4.52	June 2021 / May 2022 <sup>(5)</sup>

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### 6. INFORMATION ON OUR GROUP (CONT'D)

#### Notes:

- (1) Total contract value includes variation orders.
- (2) Start date is based on the date on letter of award and/or work order and/or document of acceptance and/or documentation based on mutual agreement with customer.
- (3) Completion date is based on certificate of completion and/or acceptance document for facility handover and/or final billing documents and/or warranty letter.
- (4) The completion of the project was affected by the COVID-19 lockdown condition during the Phase 1 of NRP lockdown period. As such we have sought extension of time from our customer and obtained approval from customer on 8 December 2021 to extend the initial completion date of July 2021 to December 2021.
- (5) The completion of the 2 projects were affected by the COVID-19 lockdown condition during the Phase 1 of NRP lockdown period. As such we have sought extension of time from our customer on 25 October 2021 to seek for extension of the completion date. As at the LPD, there was no feedback on our extension of time, while the 2 projects have been completed and we did not experience any LAD claims from the customer.

#### 6.3.3.3 Associated Services and Products

We also offer associated services and products to complement our core business in provision of EPCC, and construction and installation services. This includes the provision of solar PV consulting and engineering, and O&M services, as well as supply of solar PV equipment and ancillary systems such as gutter and mounting systems. Some of the solar PV consulting and engineering related services include preparation and submission of solar PV documentation to authorities, facility audit and site surveys, as well as conducting solar PV related seminars and training services. Depending on the project, we may provide free maintenance for a period ranging from 3 months and up to 36 months as warranty to the customer. In some situations, we may also be engaged by the customer to provide operation and maintenance services as an additional chargeable service. For the Financial Years Under Review and up to the LPD, our O&M services were mainly based on purchase orders save for 1 letter of award for 2 years commencing from 1 July 2021 for a 30MWac LSS PV plant in Pekan, Pahang.

Revenue contribution from associated services and products accounted for 13.16% (RM0.74 million), 19.64% (RM5.18 million), 13.12% (RM5.68 million) and 11.90% (RM11.81 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

### 6.3.3.4 Solar Power Generation and Supply

Our solar power generation and supply business is based on asset ownership including:

- solar PV facility that we BOOT and BOO; and
- solar PV facility we AOO.

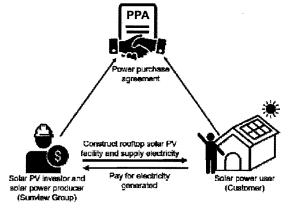
For solar PV facility under the BOOT and BOO, our Group is responsible for the construction, installation and maintenance of the solar PV facility. Meanwhile, the solar PV facilities that are acquired under the AOO model are existing, our Group is responsible for maintaining the solar PV facility. For the Financial Years Under Review and up to the LPD, we own a total of 18 solar PV facilities, of which 15 were through AOO while remaining 3 were either BOO or BOOT. In addition, we plan to construct 2 new solar PV facilities by 2023. Please refer to Section 6.3.3.4 (iii) for further details on our rooftop solar PV facilities. For the Financial Years under Review, revenue contribution from solar power generation and supply accounted for less than 1% of our total revenue.

Typically for solar PV facilities that we own, the cost of the project may be higher as compared to external projects where we only undertake the construction and installation works. This is due to the responsibility to make good or strengthening of existing roof structure or replacing of existing old or damaged metal roofing falls on us as the investor. On the other hand, for external projects which we do not own the solar PV facilities, such additional repairs may be borne by the customer.

#### (i) Solar PV facility under the BOOT and BOO

We have an agreement with the consumer of electricity who is mainly the building owner for the generation and supply of solar power from our solar PV facility which is installed on the rooftop of the building. Typically, the agreement is 21 years private PPA. In this respect, we are a solar power producer.

For rooftop solar PV facilities under the BOOT, the ownership of solar PV facilities will be transferred to the building owner



without any charge or we will remove the facilities upon the expiration of the agreement as stipulated in the agreement.

Under the BOOT and BOO arrangement, we will be fully responsible for the capital cost of construction and the expenses of operations and maintenance of the rooftop solar PV facility. Our revenue will be from the generation and supply of power from our rooftop solar PV facility at rates stipulated in the PPA. Our customers are obliged to purchase all the electricity generated from our rooftop solar PV facility. Please refer to Section 6.3.3.4 (iii) for further details of our solar PV facilities.

For the Financial Years Under review and up to the LPD, our completed rooftop solar PV facilities are under the NEM, FiT and SELCO. Under the NEM scheme we are allowed to export any excess electricity to the power grid on a one-to-one (1-to-1) offset basis. Any excess power exported may be used to offset any power imported from the power grid on a one-to-one (1-to-1) basis. As for the FiT scheme, all the electricity generated will be sold to the distribution licensee at a predetermined tariff rate.

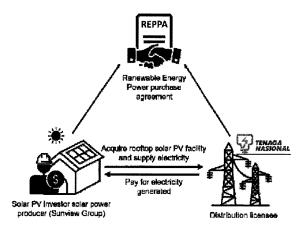
Under the BOOT and BOO arrangement, our responsibilities cover the following:

- Fully fund the entire cost of the rooftop solar PV facility;
- Obtain regulatory approvals for installation and operation of the rooftop solar PV facility, and the sale of electricity;
- Carry out EPCC of the rooftop solar PV facility at the customer's building or facility;
- Operate and maintain the rooftop solar PV facility, and to ensure optimum and safe supply
  of power. Responsible for scheduled and unscheduled maintenance of the facility
  throughout the contractual term;
- Ensure the guaranteed supply of electricity throughout the contractual term;
- Meter reading monthly for billing purposes; and
- For BOOT arrangement, the handover the rooftop solar PV facility including all the relevant documents such as regulatory approvals, valid warranties and engineer drawings of the facility to the customer or remove the solar PV facility upon the expiry of the contractual term for solar PV facilities under the PPA.

#### (ii) Solar PV Facility Acquired from third party

We also owned assets through an acquisition model for our solar power generation and supply operations.

The acquired solar PV facilities also have solar power supply agreement through PPA including REPPA, private PPA and SARE for a period ranging between 15 and 25 years. The acquired solar PV facilities are installed on the third-party rooftops based on long term lease arrangements. Please refer to Appendix A of this Prospectus for further details on the long term

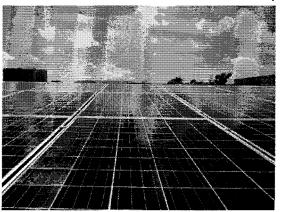


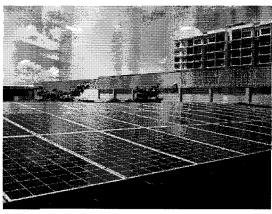
lease arrangements and Section 6.3.3.4 (iii) for further details of our solar PV facilities. As at the LPD, we have 3 long term lease arrangements.

We are responsible for the operation and maintenance of these acquired solar PV facilities. Our revenue will be from the generation and supply of solar power from our solar PV facilities at a rate stipulated in the REPPA, private PPA and SARE. The parties involved in the REPPA, private PPA and SARE are as follows:

	Sunview Group	Customer	TNB
REPPA	√	-	<b>V</b>
Private PPA	$\checkmark$	$\checkmark$	-
SARE	√	√	<b>V</b>

Our Citta Mall 0.35 MWp rooftop solar PV facility





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# (iii) Our solar PV facilities

As at the LPD, the solar PV facilities that we owned are as follows:

	Project Name	Location	Building Type	Capacity (MWp)	Programme	Start <sup>(1)</sup> Date	Duration of PPA (number of years)	Owner of solar PV facility	BOOT/BOO/ AOO Model
	Owned Solar PV Facilities								
	Facilities completed and energis	ed <sup>Mari</sup> lland			Misitilassus			111100000224	
1.	Zenxin1 0.53 MWp Rooftop Solar PV Facility	Kluang, Johor	Industrial	0.53	NEM	July 2021	25	Solarcity REIT	AOO
2.	Zenxin2 0.53 MWp Rooftop Solar PV Facility	Kluang, Johor	Industrial	0.53	NEM	July 2021	25	Solarcity REIT	AOO
3.	Zenxin3 0.21 MWp Rooftop Solar PV Facility	Kluang, Johor	Industrial	0.21	NEM	July 2021	25	Solarcity REIT	AOO
4.	Kinta 1.00 MWp Rooftop Solar PV Facility	Kinta, Perak	Industrial	1.00	FiT	December 2016	21	Vafe System	AOO
5.	Alma 1.00 Mwp Rooftop Solar PV Facility	Bukit Mertajam, Pulau Pinang	Industrial	1.00	FiT	November 2016	21	Suntech Energy	AOO
6.	Nilai 1.00 Mwp Rooftop Solar PV Facility	Nilai, Negeri Sembilan	Industrial	1.00	FiT	January 2015	21	Suntech Energy	AOO
7.	Kluang School 1 0.22 MWp Rooftop Solar PV Facility	Kluang, Johor	Institution	0.22	NEM	November 2021	25	Solarcity REIT	AOO
8.	Kluang School 2 0.22 MWp Rooftop Solar PV Facility	Kluang, Johor	Institution	0.22	NEM	November 2021	25	Solarcity REI <b>T</b>	A00
9.	Ipoh Parade 0.55 MWp Rooftop Solar PV Facility	Ipoh, Perak	Commercial	0.55	NEM	November 2021	25	Solarcity REIT	AOO
10.	Ipoh Parade 0.43 MWp Rooftop Solar PV Facility	Ipoh, Perak	Commercial	0.43	NEM	November 2021	25	Solarcity REIT	AOO
11.	Rhong Khen 0.48 MWp Rooftop Solar PV Facility	Ajil, Terengganu	Industrial	0.48	SELCO	October 2021	15	Solarcity REIT	AOO
12.	Rhong Khen 0.52 MWp Rooftop Solar PV Facility	Ajil, Terengganu	Industrial	0.52	SELCO	October 2021	15	Solarcity REIT	AOO

	Project Name	Location	Building Type	Capacity (MWp)	Programme	Start <sup>(1)</sup> Date	Duration of PPA (number of years)	Owner of solar PV facility	BOOT/BOO/ AOO Modei
13.	KHTP 0.53 MWp Rooftop Solar PV Facility	Kulim, Kedah	Industrial	0.53	SELCO	June 2022	20	Fabulous Sunview	BOOT/BOO
14.	Rhong Khen 0.03 MWp Rooftop Solar PV Faciliy	Ajil, Terengganu	Industrial	0.03	SELCO	March 2022	15	Solarcity REIT	A00
15.	Rhong Khen 0.08 MWp Rooftop Solar PV Facility	Ajil, Terengganu	Industrial	0.08	SELCO	March 2022	15	Solarcity REIT	AOO
16.	Fairy Café 0.04 MWp Rooftop Solar PV Facility	Sungai Petani, Kedah	Commercial	0.04 <sup>(3)</sup>	NEM	March 2022	21 <sup>(2)</sup>	Fabulous Sunview	BOOT/BOO
17.	Citta Mall 0.35 MWp Rooftop Solar PV Facility	Petaling Jaya, Selangor	Commercial	0.35	NOVA (4)	June 2022	25	Solarcity REIT	A00
18.	Myskills 0.02 MWp Rooftop Solar PV Facility	Kerling, Selangor	Commercial	0.02	NOVA	January 2022	5	Solarcity REIT	BOOT/BOO

### Notes:

- (1) Mainly based on date of the licence issued by the Energy Commission/date on the first billing document.
- (2) There was a novation agreement between Gsparx Sdn Bhd and Fabulous Sunview, TNB and Fairy Hot Bread & Cake House (Penang) Sdn Bhd. The novation agreement was finalised on 7 December 2021.
- On 30 December 2021 we have submitted our application to TNB and SEDA to reduce the installed capacity from 0.06 MWp to 0.04 MWp due to insufficient roof space.
- (4) The application of NOVA quota has been submitted to SEDA on 16 November 2021 and we have obtained approval from the SEDA on 21 February 2022.

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# 6. INFORMATION ON OUR GROUP (CONT'D)

In addition, we plan to construct 2 new solar PV facilities in Klang by 2022 and the details are as follows:

	Project Name	Location	Building Type	Capacity (MWp)	Programme	Expected Start Date	Duration of PPA (number of years)	Owner of solar PV facility	BOO/ BOOT / AOO Model
	New facilities to be constructed	ing the second s		i de la companya de		All the state of t		Simple:	
1.	PKFZ 0.21 MWp rooftop solar PV facility	Klang, Selangor	Commercial	0.21	NEM	Q1 2023 <sup>(1)</sup>	21	Fabulous Sunview	BOO/BOOT
2.	PKFZ 0.17 MWp rooftop solar PV facility	Klang, Selangor	Commercial	0.17	NEM	Q1 2023 <sup>(1)</sup>	21	Fabulous Sunview	воо/воот

### Note:

(1) The installation works for the new solar PV facility is expected to commenced in Q3 2022, while the electricity generation is expected to commenced in Q1 2023.

## 6.3.4 Key types, sources and availability of supplies

The major types of input materials and services that we purchased for our business operations for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 are set out below:

	FYE 2019		FYE	2020	FYE	2021	FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equipment and Materials	2,910	74.31	11,983	61.65	12,778	43.72	32,624	44.38
Solar PV modules	1,767	45.12	4,860	25.01	7,886	26.98	25,853	35.17
Inverters	462	11.80	1,260	6.48	1,661	5.69	2,340	3.18
Mounting systems	335	8.55	780	4.01	1,140	3.90	1,506	2.05
Other equipment and components <sup>(1)</sup>	346	8.84	5,083	26.15	2,091	7.15	2,925	3.98
Services	1,006	25.69	7,453	38,35	16,450	56.28	40,886	55.62
Subcontracted services <sup>(2)</sup>	468	11.95	6,412	33.00	13,264	45.38	14,137	19.23
Mechanical installation works	292	7.46	2,058	10.59	2,308	7.90	629	0.86
Electrical installation works	90	2.29	4,176	21.49	3,698	12.65	3,111	4.23
Mechanical and electrical installation works	86	2.20	178	0.92	7,258	24.83	10,397	14.14
Rental of equipment	93	2.37	65	0.33	150	0.51	181	0.25
Professional / Consulting services	94	2.39	222	1.14	1,010	3.45	5,608	7.63
Others <sup>(3)</sup>	351	8.98	754	3.88	2,026	6.93	20,960	28.51
Total purchases	3,916	100.00	19,436	100.00	29,228	100.00	73,510	100.00

#### Notes:

- (1) Includes, among others, transformers, switchgears, cables and other materials.
- (2) Includes civil, electrical and mechanical works.
- (3) Includes regulatory application fees, tax and duty fee.

Our purchases of input materials and services are mainly to cater to our EPCC projects as well as subcontracted services for construction and installation of solar PV facilities.

Purchases of equipment and materials accounted for 74.31%, 61.65%, 43.72% and 44.38% of our total purchases for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. The equipment and materials used in our EPCC and subcontracted works include the following:

- solar PV modules, which are the main components of a solar PV facility, to facilitate the conversion of sunlight into electricity;
- inverters to convert DC into AC;
- mounting systems to provide structural support to the solar PV modules; and
- other equipment and components such as balance of system including transformers, switchgears and cables.

Purchases of services accounted for 25.69%, 38.35%, 56.28% and 55.62% of our total purchases for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. Within services, the engagement of external parties to carry out the construction and installation works accounted for 11.95%, 33.00%, 45.38% and 19.23% in the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. Subcontracted services for the construction and installation works include the following:

- civil works including piling and foundations;
- construction of mounting structures;
- physical installation of solar PV modules and balance of systems; and
- electrical, communications and integration work to connect all equipment and components.

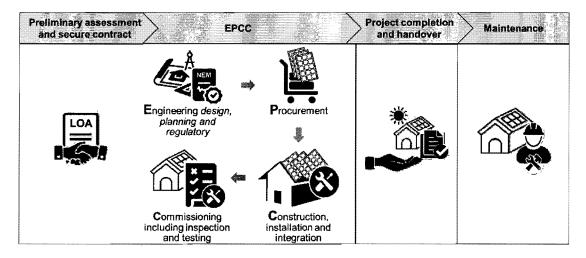
Materials and services that are sourced locally mainly includes mounting systems, other equipment and components, subcontracted services, equipment rental as well as professional and consulting services which collectively accounted for 43.07%, 42.30%, 60.18% and 60.50% of our total purchased of materials and services for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. Meanwhile, imported materials include materials imported directly from foreign suppliers as well as imported materials purchased through local stockists. These imported materials mainly include solar PV modules and inverters which collectively accounted for 56.93%, 31.49%, 32.66% and 39.50% of our total purchases of materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

#### 6.3.5 Process Flow

#### 6.3.5.1 Process Flow of EPCC Solar PV Facilities

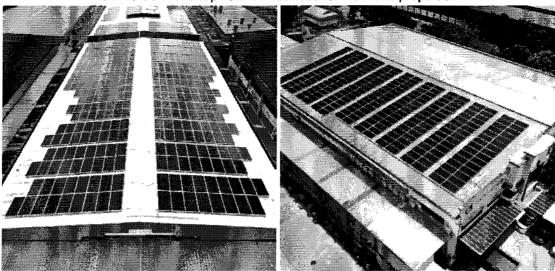
For EPCC jobs, we are the main contractor responsible for the entire project from design and planning to the commissioning of the completed facility. For the Financial Years Under Review and up to the LPD, all our completed and on-going EPCC of solar PV facilities were for rooftops of commercial, industrial and residential buildings as well as 7 on-going ground mounted LSS projects.

Our general process flow for the EPCC of solar PV facility is depicted in the diagram below:



## information on our group (cont'd)





## (i) Preliminary assessment and secure contract

Upon receiving the request for quotation from the prospective customer, we will carry out a preliminary assessment of the customer's requirements, systems design specifications as well as the required installed capacity.

The preliminary assessment will provide us with pertinent data and information to assess costing and prepare the proposal for submission to the prospective customer. Some of the main information stipulated in the proposal include the conceptual layout and specifications of the solar panels and balance of system, warranty, project timeline and project price. We mainly secure our contract for EPCC of solar PV facilities through direct negotiation and tendering process with our customers.

### (ii) EPCC

#### (a) Engineering

### Design and project planning

Once we sign the letter of award with the customer, we will carry out a survey at the project site to determine the precise area, access to the project site, site conditions, areas and locations available for the installation of solar PV panels and balance of system, the optimal orientation of the solar PV panels, as well as identifying obstacles and potential complications.

For rooftop projects, inspection on the building and rooftop will need to be carried out to ensure that conditions are suitable for the installation of the solar PV panels and balance of system. For ground mounted projects such as LSS projects, a site survey will include ground topology, soil condition, surface vegetation, obstructions such as tree stumps and root systems, and other protruding objects, right-of-way for interconnection to the most practical substation, and surrounding structures and habitations.

Subsequently, we will proceed with the design and planning phase to carry out the detailed engineering design together with technical drawings and specifications of the entire solar PV facility according to the customer's requirement including data obtained from the preliminary assessment and site survey. The engineering design of solar PV facilities mainly involves the following:

- Schematic drawings taking into consideration, among others, the required installed capacity, orientation and inclination of rooftops, meteorological variation to ensure sustainable solar power supply throughout the year, aesthetics of the building as well as flexibility for future expansion. This includes determining the detailed layout of the solar PV panels, the number of modules required to achieve the installed peak or generating capacity, connections and cabling, orientation and angle of inclination of the solar PV modules to achieve optimum efficiency, row spacing, sizing of nominal power ratio, as well as placing of inverters and grid interconnection design.
- DC system design which takes into consideration the selection and sizing of equipment such as connectors, combiner boxes, distribution boards as well as the lengths and sizes of cables.
- AC system design which takes into consideration the inverter output to the interconnection and meeting point. This also includes selection of transformers, interconnection schematic designs, and lengths and sizes of cables.

The project planning will include, among others human resources, logistics, the timing of equipment to be onsite, timeline for all activities, and detailed budgeting.

Engineering design and project planning are carried out by our in-house personnel. We also engage structural engineers to provide input into the structure of the building and rooftop to ensure that they have sufficient strengths to support the mounting systems and solar PV panels.

## Regulatory applications

Our scope of work includes preparation of all the necessary documentation and submissions to obtain regulatory approvals and permits including the following:

- Submission of structural and electrical drawings, and supporting documents to the relevant local authorities;
- Submission of a NEM assessment study, power system study, connection confirmation checks to TNB and SEDA Malaysia (where applicable);
- Submission of an application to the Energy Commission for public or private installation license, a requirement under NEM, SELCO and LSS programmes;
- Submission of application for Green Investment Tax Allowance (GITA) to MIDA and the Malaysia Greentech Centre (where applicable), which is available under NEM, SELCO and LSS programmes; and
- Submission of applications for approvals from the relevant local councils.

Some of the regulatory requirements and incentives applicable for solar PV facilities are listed below:

Regulatory requirements and incentives	Applicability				
NEM assessment study	Required for solar PV facilities installed under the NEM programme with a capacity exceeding 72.0 kW and below 1,000 kW.				
Power system study	Required for solar PV facilities installed under the NEM programme with a capacity exceeding 72.0 kW and below 1,000 kW.  Required for renewable energy power generators (including solar PV facilities) installed under the NEM programme with a capacity exceeding 425.0 kW that are interconnected to the power grid.  Required for power generating installations for capacity exceeding 72 kWac (including solar PV facilities) which supply power to any parties other than the licensee.  Required for power generating installations (including solar PV facilities) for self-consumption only.  Applicable for companies that have incurred qualifying capital expenditure in green technology investment (including solar PV facilities) which has been verified by GreenTech Malaysia. In addition, the product used must be listed under the MyHIJAU Directory to benefit from MIDA's Green Technology Tax Incentive.  Applicable for companies that have incurred qualifying capital expenditure on green technology projects (including solar PV facilities) as a business or for their power consumption. In addition, the product used must be listed under the MyHIJAU Directory to benefit from MIDA's Green Technology Tax Incentive.  Applicable for companies that provide green technology services (including solar PV facilities) which have been verified by				
Public installation licence	Required for power generating installations for capacity exceeding 72 kWac (including solar PV facilities) which supply power to any parties other than the licensee.  Required for power generating installations (including solar PV facilities) for self-consumption only.				
Private installation licence	Required for power generating installations (including solar PV facilities) for self-consumption only.				
Green investment tax allowance assets	Applicable for companies that have incurred qualifying capital expenditure in green technology investment (including solar PV facilities) which has been verified by GreenTech Malaysia. In addition, the product used must be listed under the MyHIJAU Directory to benefit from MIDA's Green Technology Tax Incentive.				
Green investment tax allowance projects	Applicable for companies that have incurred qualifying capital expenditure on green technology projects (including solar PV facilities) as a business or for their power consumption. In addition, the product used must be listed under the MyHIJAU Directory to benefit from MIDA's Green Technology Tax Incentive.				
Green income tax exemption services	Applicable for companies that provide green technology services (including solar PV facilities) which have been verified by GreenTech Malaysia to benefit from MIDA's Green Income Tax Exemption.				

### (b) Procurement

We commence procurement of the required equipment and construction materials once the detailed engineering design and specifications are determined. We are responsible for the procurement of the solar PV modules and balance of system.

We will arrange for the delivery of the equipment and materials to the project site and inspect them to ensure they are in good order and comply with specifications and standards required by the authority. In the event that the equipment and materials do not meet the required specifications and standards, we will liaise with the supplier to arrange for the replacement of the said equipment and materials. In addition, we will also engage external parties to undertake the civil, structural, mechanical and electrical works.

#### (c) Construction

We will manage and supervise the physical construction, installation and integration work in compliance to project design, technical specifications and timeline. The construction, installation and integration work include the following:

For rooftop solar PV facilities, our main construction works are as follows:

- reinforcement of roof structure, if required. This is to ensure the integrity of the roof to support the weight of the mounting system and solar PV panels;
- mechanical works including erection of mounting system and installation of solar PV modules and balance of system;
- create an enclosure to house the balance of systems, if required; and
- electrical works including cabling and wiring to connect all the solar PV modules, balance of system including connection to the premises power distribution board.

For ground mounted LSS PV plants, our main construction works include the above plus the following:

- civil works including site clearance, earthworks and preparation including piling and foundation work if required;
- construction of structures to hold equipment such as inverters and transformers, as well as buildings to house the control and management centre;
- installation of earthing and lightning protection systems;
- communications system for SCADA as well as other wired and wireless monitoring and control systems; and
- interconnections of the solar PV plant to the most practical power grid transmission or distribution substation.

The abovementioned physical works are carried out by external parties and we are mainly involved in the project management, site supervision, quality and safety assurance and monitoring of the construction, installation and integration process for the solar PV facility. In the event that the works of the external parties which are the subcontractors do not meet the quality and safety standards, we will request that these works are to be rectified by the respective subcontractors.

# (d) Commissioning

Once the solar PV facility has been completed and integrated, we will carry out subsystem and full system inspection and testing to ensure that the facility operates effectively, efficiently and safely. This is also to ensure that the expected performance standards are met by the authorities including TNB and SEDA.

We carry out visual inspection which includes the following:

- all equipment and parts are properly installed and integrated according to detailed engineer drawing and specifications;
- all equipment and parts are mechanically secured and are provided with adequate ventilation or cooling, where required;
- all electrical installations including terminations and connection of cables are made using approved products and installation methods;
- all electrical equipment shall be labelled with the applicable specifications and ratings; and
- sufficient working spaces for maintenance or repair purposes.

We carry out tests on the solar PV facilities which include the following:

- functional test for inverters and solar PV modules to evaluate their function and performance against its designed specifications;
- acceptance test of the entire solar PV facility to evaluate the overall installation
  of the solar PV facility and the performance of the inverter taking into
  consideration the tolerance due to module mismatch, soiling index, ageing
  factors, cable loss, maximum inverter efficiency and shading factors;
- circuit breaker test to ensure the facility is protected from short circuits, power surges and lightning strikes; and
- performance ratio test to evaluate the efficiency of the facility taking into consideration its solar irradiance, ambient temperate, module temperature, AC and DC and voltage of each central inverter or group string inverters.

Upon successful inspection and testing, we will commission the facility. The testing and commissioning checklist is a prerequisite to be submitted to TNB and SEDA for testing and commissioning of the grid interconnection. The commissioning phase is complete once all the identified problems are rectified.

### (iii) Project completion and handover

Upon the completion of the commissioning of the solar PV facility, we will officially handover the facility to the customer together with all the relevant documents including the test and commissioning report, performance ratio test report, as-built documents, operational manuals and other relevant documents.

#### Warranties and defect liabilities

For our EPCC of solar PV facilities, we provide several warranties including equipment warranty for solar PV module, inverter, support structure, electrical board as well as workmanship warranty. Please refer to Section 6.3.2.1 of this Prospectus for further details on warranties and defect liabilities.

All costs in replacing faulty products or making good defects are carried out at our own cost. While we have back-to-back arrangements with equipment manufacturers to replace faulty equipment at no cost to us, we would be required to bear the costs of physically replacing the affected equipment.

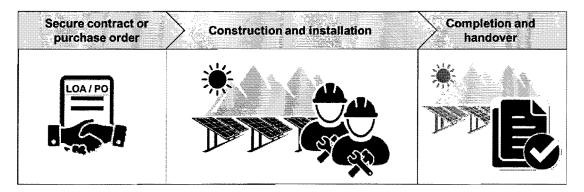
## (iv) Operation and maintenance

We provide maintenance services for some of the solar PV facilities where we carried out the EPCC work. The maintenance services that we provide include routine and scheduled maintenance, and corrective maintenance (repairs). Depending on the project, we may provide free maintenance for a period ranging between 3 months up to 36 months as warranty to the customer. In some situations, we may also be engaged by the customer to provide operation and maintenance services as an additional chargeable service.

#### 6.3.5.2 Process Flow for Construction and Installation of Solar PV Facilities

For construction and installation of solar PV facilities, we are a subcontractor to the EPCC main contractor. For the Financial Years Under Review and up to the LPD, 6 out of 8 of our completed construction and installation of solar PV facilities were for ground mounted LSS projects. Please refer to Section 6.3.3.2(iii) of this Prospectus for further details on construction and installation projects.

Our general process flow for construction and installation of solar PV facilities is depicted in the diagram below:



## (i) Secure contract or purchase order

We secure our contract or purchase order for the construction and installation of solar PV facilities through tender or direct negotiation. Our tender document or quotation is prepared based on the site assessment that we perform as well as the facility design and specification provided by our customer. For the Financial Years Under Review, our contracts or purchase orders included construction and installation, site clearance only, or installation only.

### (ii) Construction and installation

We carry out our construction and/or installation work based on design and specifications provided by the EPCC main contractor. Our work includes the following:

## Construction

- civil works including site clearance, earthworks and preparation including piling and foundation work if required; and
- construction of structures to hold equipment such as inverters and transformers, as well as building to house the control and management centre.

#### Installation

- mechanical works including erection of mounting system and installation of solar PV panels and balance of system;
- electrical works including cabling and wiring to connect all the solar PV modules and panels, balance of system including connection to the control and monitoring centre;
- installation of earthing and lightning protection systems; and
- communications system for SCADA as well as other wired and wireless monitoring and control systems.

Our role as a subcontractor for the construction and installation of solar PV facility project is mainly in management and supervision of the physical construction and installation works to ensure that the works are in compliance with project design, technical specifications and timeline. We engage external parties to perform the abovementioned construction and installation works under our management and supervision.

## (iii) Completion and handover

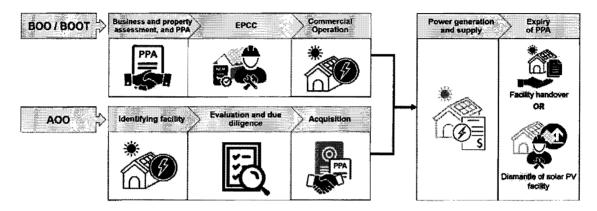
Once the construction and/or installation works are completed, we will carry out inspection together with the customer or the project owner. Any defects or unsatisfactory works identified during the inspection will need to be rectified promptly before the project is deemed to be completed.

As a subcontractor, we do not provide any warranties or defect liabilities which is commonly covered by the EPCC main contractor. In addition, commonly all materials and equipment are provided by the EPCC main contractor and/or the project owner.

#### 6.3.5.3 Solar Power Generation and Supply

For solar power generation and supply, our solar PV facility may be under the BOO, BOOT or AOO model. For solar PV facilities under the BOO and BOOT, we are fully responsible for the EPCC of the solar PV facility, and to operate and maintain the facility throughout the contractual period which is typically 21 years from COD of the facility. For solar PV facilities under AOO, we will acquire the identified solar PV facility from an external party. For the Financial Years Under Review and up to the LPD all our commercially operational solar PV facilities are placed on rooftops of commercial and industrial buildings.

Our general process flow for solar power generation and supply is depicted in the diagram below:



### (a) BOO / BOOT model

#### (i) Business and property assessment, and Power Purchase Agreement

Upon receiving the request for proposal from the prospective customer, we would carry out a business sustainability assessment of the owner-occupier of the property as we will be responsible for the capital and operational expenses of the solar PV facility for a typical period of 15 to 25 years.

Once we are satisfied that our customer's business is sustainable, we will then carry out property assessment where a physical inspection of the property will be conducted to confirm that the property is suitable for the construction, installation, operation and maintenance of the solar PV facility.

We will prepare a proposed PPA which will specify the solar PV facility including its capacity as well as legal obligations and our compensation plan.

#### (ii) EPCC

Upon the mutual agreement and acceptance of the PPA, we will commence the EPCC of the solar PV facility. In some situation, we may engage external parties to carry out the construction and installation works of the solar PV facility.

#### (iii) Commercial operation

Upon completion of the EPCC of the solar PV facility and having received all the required regulatory approvals, permits and licences, we will inform our customer on the COD which will officially mark the date of power generation and supply to our customer.

## (b) AOO model

# (i) Identifying facility

We will determine the key criteria for identifying the potential solar PV facility which include, among others, availability of relevant approvals, permits and licenses of the facility, condition of the facility, installed capacity, contractual tariff rate provided as well as the remaining years of the term of the private PPA, REPPA or SARE taking into consideration the breakeven period of the solar PV facility. Typically, the breakeven period for our solar PV facility under the AOO model is between 5 and 12 years. Subsequently, we will search for solar PV facilities that are available for sale in the market to identify potential facilities. We may identify potential solar PV facilities through referrals or we may make offers to owners of identified solar PV facilities.

#### (ii) Evaluation and due diligence

Upon the identification of the potential solar PV facility for acquisition, we will conduct a series of evaluations such as feasibility and financial attractiveness study of the acquisition which include financial assessments including assets and liabilities, cashflow, payback period, return on investments and net present value of cashflow. We will also perform a due diligence on the target company, the power user as well as technical aspects of the target solar PV facility.

#### (iii) Acquisition

Once the target solar PV facility fulfil our acquisition criteria, we will commence negotiation with the owner on the terms of the acquisition and complete the acquisition by the signing of sale and purchase agreement based on the agreed terms.

### (c) Electricity supply

Commencing from the COD, all the electricity generated from the facility will be supplied to the customer at an agreed rate for the duration of the contractual period of the PPA. We will obtain the meter reading remotely by using the solar PV facility data logger and will generate invoices for the customer based on the power generated as monitored by the meter.

We are also responsible for the operations and maintenance of the solar PV facility. Operationally, we are obligated to ensure that the solar PV facility supplies the agreed power in a safe manner. All our solar PV facilities within our solar power generation and supply segment will be monitored remotely at our head office. Among others, it will measure and monitor in real time the performance of the facilities as well as some critical equipment and systems within each facility. Our monitoring system will provide reports or alerts of any performance degradation or faults where we are then able to rectify the problems.

Every year throughout the term of the PPA, we will plan and provide a schedule for routine maintenance. Routine maintenance is integral for the efficient and safe operation of the facility as well as to ensure the facility meets the guaranteed electricity generation. We are liable for compensation claim if we fail to meet guaranteed electricity generation.

We also provide corrective maintenance on an ad-hoc basis when required.

## (d) Expiry of PPA

Upon the expiry of the PPA, we will proceed with either of the following in accordance to the customer's preference.

#### (i) Facility transfer

The customer may claim ownership of the solar PV facility where we will transfer the entire solar PV facility to the customer. We will transfer all the relevant documents including any valid warranty of the PV modules provided by the PV module manufacturer to the customer. This applies to the BOOT model; or

### (ii) Dismantle solar PV facility

The customer may request for the removal of the solar PV facility where we will uninstall and remove the entire solar PV facility from the customer's property within 30 days from the expiry of the PPA. This applies to the BOO and AOO models.

For the Financial Years Under Review, all of our PPAs have an agreement term of 15 to 25 years.

#### 6.3.6 R&D

Due to the nature of our Group's business, we are not involved in any research and development activities and we have not recognised any research and development expenditure for the Financial Years Under Review.

#### 6.3.7 Technology

We do not employ any special technology in our business operations. However, we rely on the technologies embedded in the solar PV modules and balance of system as well as software tools in our day-to-day operations.

#### 6.3.8 Sales and Marketing

Generally, we secure our projects using a combination of direct negotiation with the prospective customer or through tenders as follows:

## (i) Direct negotiation

- EPCC projects for solar PV facilities;
- Construction and installation of solar PV facilities; and
- Solar power generation and supply;

#### (ii) Tenders

- EPCC projects for LSS PV plants; and
- Construction and installation of solar PV facilities.

We approach new customers through our sales and marketing activities as well as referrals from our existing and previous customers. Our capabilities in providing solar PV services are backed by our track record of approximately 9 years since the commencement of operations in 2013.

Generally, our sales and marketing strategies are focused on building our credibility and raising awareness of our capabilities. As at the LPD, we have a total of 5 sales and business development personnel. We adopt the following marketing strategies to reach a wider network of potential customers:

- (i) Hosting webinars as well as participate in webinars where we partner with external organisations to create awareness and promote our solar PV services. The subjects for the webinars mainly focus on the advantages of solar PV facilities as well as incentives offered by the Government. For the Financial Years Under Review and up to the LPD, we participated in various webinars including collaborating with third parties such as Malaysian Industrial Development Finance Berhad (MIDF), Shenzhen Growatt New Energy Co., Ltd. and Malaysian Investment Development Authority (MIDA), Federation of Malaysian Manufacturers and Universiti Tunku Abdul Rahman.
- (ii) Appointment of agents to promote our EPCC services as well as solar power generation and supply packages. As at the LPD, we have appointed 6 agents in Malaysia where the commission for the agents are based on the installed capacity of projects secured.
- (iii) Participate in tender invitation from prospective customers;
- (iv) Maintaining our corporate website and social media platform to showcase and highlight our strength and capabilities in the provision of solar PV services.
- (v) To promote the adoption of renewable energy where we work with solar PV investors that enable prospective solar energy users to opt for zero capital expenditure for the installation of solar PV facilities. This is demonstrated by the fact that we carry out EPCC of solar PV facility projects for customers who are solar PV investors including GSPARX Sdn Bhd, HIS Cenergi Sdn Bhd and Evergreen Fintech Sdn Bhd. We are on the solar PV investors' panel of contractors in the area of EPCC services for their rooftop solar PV facility investment projects. The solar PV investor will fund the cost of the EPCC for the rooftop solar PV facility which will generate solar power to the solar energy user. The solar power tariff is agreed between the user and the solar PV investor.

### 6.3.9 Intellectual property rights, patents, trademarks and registrations

Our Group currently holds the following trademarks, all of which are registered under Fabulous Sunview:

Trademark	Issuing authority / Trademark no.	Class / Description	Validity period	Condition
SUNVIEW	Intellectual Property Corporation of Malaysia / 2016050859	Trademark - Class 37  Installation, repair and maintenance of solar thermal installations, installation, repair and maintenance of solar energy systems; all included in Class 37	19 January 2016 to 19 January 2026	Registered

## 6.3.10 Contract / arrangements on which our Group is materially dependent

There is no contract or arrangement on which our Group is materially dependent.

#### 6.3.11 Interruptions to business and operations

Save as disclosed below, there has not been any material disruption to our business activities during the past 12 months prior to the LPD.

## COVID-19 pandemic

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 commencing from 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. As a result, we have experienced interruptions to our business due to the various imposition of Movement Control Order (MCO) by the Government which restricted the movement of people within Malaysia and internationally as well as the restriction on business, economic, cultural and recreational activities to contain the COVID-19 pandemic.

Please refer to Section 8.1.7 of this Prospectus for the risk factor in relation to the prolonged COVID-19 pandemic.

### (i) Various MCO Measures in 2020

#### MCO

On 16 March 2020, the Government had announced the MCO to curb the spread of COVID-19 in Malaysia. The MCO was implemented from 18 March 2021 and was extended into several phases as below:

- The first phase of MCO took place from 18 March 2020 to 31 March 2020.
- The MCO was extended with the implementation of the second phase of MCO which took place from 1 to 14 April 2020.
- The third phase of MCO was implemented which took place from 16 to 28 April 2020.
- The fourth phase of MCO was implemented which took place from 29 April to 3 May 2020.

Measures under the MCO included, among others, the closure of all businesses except those classified under "essential services" or business that have received written approval to operate from MITI, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia.

During the MCO periods, our business operations had been temporarily suspended for 55 days from 18 March 2020 to 11 May 2020 and resumed partial operations from 12 May 2020 after receiving MITI approval on 4 May 2020. Our management and administrative staff had to work from home. We also notified our customers on the suspension of fieldworks due to MCO restrictions. During this period, 12 of our EPCC of solar PV facility projects and construction and installation projects were temporarily suspended. As at the LPD, all of the said projects have been completed. We have applied for EOT from our customers for projects that requires an EOT. For the Financial Years Under Review and up to the LPD, we have not experienced any claims for LAD, or penalties on delays and project cancellations. Our Directors noted that this was a temporary situation and we took steps to submit our applications to MITI for the resumption of our on-site installation activities.

#### CMCO period

The Government implemented the CMCO from 4 May 2020 to 9 June 2020. The CMCO relaxed some of the measures implemented during the MCO, including allowing many economic sectors to resume business provided that specified guidelines and SOP were followed. Restrictions on the movement of people within Malaysia were also relaxed, while restrictions on international travel were modified slightly.

On 12 May 2020, we resumed our business operations at a workforce capacity of 70.00% and our management commenced preparation of works for the resumption of on-site operations including but not limited to, the implementation of the standard operating procedures (SOP) following the guidelines from the Government. Our on-site operations resumed operations at a workforce capacity of 30.00% on 12 May 2020.

#### **RMCO** period

The CMCO was followed by the RMCO from 10 June 2020 to 31 December 2020. Starting from 10 June 2020, almost all economic sectors were allowed to resume provided they follow specified guidelines and SOP. The movement of people within Malaysia was further relaxed with subsisting restrictions on international travel during the CMCO period. Our business operations and on-site installation continued to operate at a workforce capacity of 71.43% and 28.57% respectively, according to guidelines and SOP.

#### Reimposition of the CMCO

Subsequent to the RMCO, there were targeted enhanced MCO (TEMCO) imposed in specific locations resulting from a resurgence in COVID-19 infections. On 12 October 2020, the Government announced an imposition of the CMCO in Selangor, Kuala Lumpur and Putrajaya from 14 October 2020 which was further extended to 20 December 2020. The measures imposed under the CMCO included among others, restrictions on the movement of people within affected areas including a prohibition of inter-district movements, limiting the operational hours of certain services such as restaurants and supermarkets, and closure of schools. During this period, we continued to operate at a workforce capacity of 9.52% in our office and 30.95% at our on-site operations according to guidelines and SOP.

#### (ii) Various MCO Measures in 2021

#### Reimposition of the MCO (MCO 2.0 and MCO 3.0), CMCO and RMCO

The CMCO was uplifted and a second MCO (MCO 2.0) was imposed immediately from 13 January 2021, and subsequently transitioned to CMCO or RMCO depending on state. Subsequently, following increases in the number of new COVID-19 cases, the third MCO (MCO 3.0) was reimposed in Kelantan from 16 April 2021, followed by 6 districts in Selangor which started from 6 May 2021 as well as Kuala Lumpur and several districts and mukims in Terengganu, Johor and Perak from 7 May 2021. On 10 May 2021, the Government announced the nationwide reimposition of MCO starting from 12 May 2021 to 7 June 2021. The measures imposed under the MCO included among others, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia, the closure of all businesses except those classified under "essential economic sector" or have received written approval to operate from the MITI and only 30% of employees in the top management group are allowed to be in the office. We received MITI approvals on 12 January 2021 and 26 May 2021 which allowed us to operate at various phases of the MCO. During this period, we continued to operate at a workforce capacity of approximately 30.00% for both our office as well as on-site operations according to guidelines and SOP.

#### MCO measures under the National Recovery Plan in 2021

On 28 May 2021, the Government announced the imposition of a nationwide FMCO. Under the FMCO period, all sectors were not allowed to operate during this period except for those in the essential economic and service sectors.

Other control measures implemented included restrictions on the movement of people within Malaysia and internationally, and restrictions of business, economic, cultural and recreational activities.

Subsequently, on 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis and the MCO which will be from June to December 2021. The NRP consists of 4 phases including FMCO and Phase 1 of NRP which commenced from 1 June 2021 and subsequently transitioned to phase 2 FMCO for states with lower number of new COVID-19 cases or higher vaccination rates.

The second phase allow the reopening of some economic sectors in stages. Social activities and movements will continue to be tightly controlled with interstate travel prohibited. This will be followed by the third phase where nearly all economic sectors will be allowed to operate subject to strict SOP and restrictions on the number of people allowed to be physically present at workplaces. Lastly, the fourth phase of the NRP will see a full reopening of the economy, where interstate travel and domestic tourism will also be allowed.

Our business operations were suspended from 1 June 2021 following the implementation of NRP. All our management and administrative staff had to work from home within various constraints placed by the Phase 1 of NRP including the FMCO. We also notified our customers about the suspension of fieldworks due to the constraints we encountered during the said NRP period. Our on-site operations were temporary suspended from 1 June 2021 up to mid-July 2021. During this period, 16 of our EPCC of solar PV facility projects and construction and installation projects were temporarily suspended. As at the LPD, 11 of these projects have been completed while the remaining 5 projects are still on-going. We have applied for EOT from our customers for projects that requires an EOT. For the Financial Years Under Review and up to the LPD, we have not experienced any claims for LAD, or penalties on delays and project cancellations. Subsequently we resumed our onsite operations from 12 July 2021 onwards. Please refer to Section 6.3.11 (iv) of this Prospectus for further details on the impact on our business and financial performance.

We took steps to submit our applications to MITI for the resumption of our business operations and we received approvals from the MITI on 12 July 2021, 17 August 2021 and 17 September 2021 which allowed us to operate during the various phases of NRP. On 12 July 2021, we resumed business operations at a 60% of workforce capacity for our office operations and 35.71% for our on-site operations as Klang Valley are under the Phase 1 of NRP. On 10 September 2021, the Klang Valley transitioned into Phase 2 of NRP and we are permitted to increase our workforce capacity from 60% to 80% for our business operations while our on-site operations were operating at a workforce capacity of 36.21%. On 1 October 2021, the Klang Valley transitioned into Phase 3 of NRP and we are permitted to increase our workforce capacity from 80% to 100% for our business operations while our on-site operations were operating at a workforce capacity of 36.67%. On 18 October 2021, the Klang Valley transitioned into Phase 4 of NRP and we are permitted to increase our workforce capacity to 100% while our on-site operations were operating at a workforce capacity of 41.27%. As at the LPD, 100% of our employees are fully vaccinated.

#### (iii) Transition into endemic phase in 2022

On 1 April 2022, Malaysia began its transition into endemic phase, and we continued to operate at full workforce capacity according to Government SOP and guidelines.

## (iv) Measures and steps taken in our business operations in response to COVID-19 pandemic

Since the resumption of our business after the temporary suspensions during the MCO in 2020, FMCO and Phase 1 of NRP period in 2021, we took precautionary measures and implemented the following SOP for our business operations:

- compulsory Health declaration by all employees and visitors to declare their travel history and current health status before entering the company's premises or project sites;
- (ii) compulsory scanning on MySejahtera apps for contact tracing purposes;
- (iii) temperature reading as well as contact details of visitors, subcontractors and employees must be recorded before they enter into the office and project sites. Visitors, subcontractors and employees with body temperature above 37.5°C are not allowed to enter into the office and project sites;

- (iv) practising social distancing in the office and project sites;
- requiring all visitors, subcontractors and employees to wear face masks at all times in the company's premises or project sites;
- (vi) minimising physical meetings and avoiding unnecessary business-related travelling;
- (vii) providing hand sanitisers at the main entrance of company's premises and all common areas:
- (viii) implementation of preventive response procedure in managing and ensuring shortest possible time in resuming business when infection in the workplace is reported;
- (ix) sanitising all common areas in our operational offices at least once daily;
- (x) staggering hours of lunch break for employees to avoid crowding at pantry area;
- requiring employees who developed any symptom of COVID-19 to immediately go for diagnosis and treatment;
- (xii) self-quarantine for 14 days for confirmed COVID-19 cases among our employees;
- (xiii) requiring employees that has been recognised as a close contact to a COVID-19 patient to undergo COVID-19 test. The close contact employee is only allowed to return to work if their test result is negative; and
- (xiv) requiring employees to a make health declaration (which include their recent travel history and current health status) on a daily basis.

If any of our employees are infected with COVID-19, we may be required to temporarily shut down our operations for a period of time or as advised by the Ministry of Health, Malaysia to contain the spread of COVID-19. Furthermore, in the event of an infection, all of our employees and/or our subcontractors' workers will have to undergo COVID-19 testing and we may be required to temporarily shut down the affected office and on-site installation sites for the time required to conduct cleaning and disinfection as may be advised by the Ministry of Health, Malaysia. In the event of an infected case at the project site, as the employer, we will bear the swab test and quarantine cost of our employees, as well as cost of sanitisation and disinfection, works at the affected project site.

Between MCO and up to the LPD, a total of 31 of our employees were tested positive for COVID-19. As at the LPD, all of the 31 employees have recovered. The steps that we have taken in response to an employee receiving a positive diagnosis for COVID-19 include the following:

- The employee who has received the positive diagnosis for COVID-19 (Category A staff) is required to self-quarantine and is not allowed to return to their workplace for 4 to 7 days.
- We conduct contact tracing to identify all close contacts of the Category A staff. Close contacts are classified as Category B, and they are immediately tested for COVID-19. If the result is positive, the person is classified as Category A staff. If the result is negative, the person is still required to self-quarantine for 4 to 7 days. They are required to repeat the COVID-19 test at the end of the self-quarantine period and obtain a negative result before they are allowed to return to work.
- Employees who had close contact with Category B staff (Category C staff) are required to self-quarantine until their Category B contact completes their self-quarantine period or receives their COVID-19 test result.

If the test result is negative, the Category C staff is permitted to return to the workplace. If the test result is positive, the person's classification will be changed to Category B.

We conducted full sanitisation of the workplace and department of employees who received positive diagnoses for COVID-19.

Between MCO period and up to the LPD, our additional medical and related cost incurred to implement precautionary measures and to comply with SOP amounted to RM0.06 million.

#### (v) Impact on our business and financial performance

#### (a) FYE 2021

As a result of the implementation of MCO by the Government, our business operations were temporarily suspended from 18 March 2020 to 11 May 2020. Our financial performance was impacted due to the delay in billings as we experienced a slowdown in our operations as well as temporary suspension of our on-going projects. We were only able to bill our customers based on work done for our solar PV facility projects before the MCO as well as recurrent billings from the solar power generation and supply.

The financial impact resulting from the MCO was reflected in the first quarter of FYE 31 March 2021 as summarised in the table below:

	Quarter 1 FYE 2021 (Apr 2020 – Jun 2020)	Quarter 2 FYE 2021 (July 2020 – Sept 2020)	Quarter 3 FYE 2021 (Oct 2020 – Dec 2020)	Quarter 4 FYE 2021 (Jan 2021 – Mar 2021)
Revenue (RM'000)	5,788	11,230	9,760	16,551
Quarter-on-quarter change (%)	-54.09	94.02	-13.09	69.58

Our Group's revenue declined by 54.09% in the first quarter of FYE 31 March 2021 compared to the fourth quarter of the previous financial year mainly due to the temporary suspension of our on-site operations for our EPCC projects as well as solar PV related construction and installation works. During the first quarter of FYE 31 March 2021, we experienced a temporary suspension on our on-site operations from 18 March 2020. We resumed business operations partially since 12 May 2020.

Upon resumption of business operations since 12 May 2020, our project onsite activities increased from the second quarter of FYE 2021 to make up for the lost time from the lower onsite activities in the first quarter of FYE 2021 as reflected in the improvement in revenue by 94.02% in the second quarter of FYE 2021 compared to the first quarter of FYE 2021. Despite the business interruptions during the MCO period in 2020, our overall financial performance for FYE 2021 was not materially affected as our revenue increased by 64.28% to RM43.33 million for FYE 2021 (FYE 2020: RM26.38 million), whereas our total GP increased by RM6.73 million or 109.82% to RM12.87 million for FYE 2021 (FYE 2020: RM6.13 million).

Our net cash used in operating activities was RM1.20 million. This was mainly due to the decrease in contract liabilities mainly due to work completed and have been recognised as revenue, and increase in trade and other receivables mainly due to increase in trade receivable which was in line with the higher progress billing as a result of more projects executed during the FYE 2021.

Nonetheless, there was no material impact on the collectability of our trade receivables. For the FYE 2021, our trade receivables turnover period decreased to 100 days (FYE 2020: 124 days) mainly due to partial settlement made from 2 major customers and consistent follow up by our Group with customers for payment.

During the MCO1.0 period, we continued to incur costs including staff cost, depreciation expenses, finance cost and other administrative expenses. In the FYE 2021, we also incurred additional medical and related costs for the implementation implement precautionary measures and complying with SOP. Between MCO period and up to the LPD, the total medical and related cost incurred was RM0.06 million.

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#### (b) FYE 2022

Under the Phase 1 of NRP with a full lockdown and FMCO which started on 1 June 2021, our business operations were affected when our management and administrative staff had to work from home during Phase 1 of NRP period, while our on-site operations were temporary suspended from 1 June 2021 up to mid-July 2021. Subsequently we resumed our onsite operations from 12 July 2021 onwards.

In addition, we have notified our customers about disruptions and constraints resulting from the FMCO and Phase 1 of NRP period and we have sought EOT for our projects. As at the LPD, we have sought extension of time from our customers for those projects that have been delayed by the work stoppages and slowdown during the FMCO and Phase 1 of NRP period. Pursuant to the said business disruptions, as at the LPD, we have sought extension of time from our customers for the following projects:

EPCC Solar PV facility Projects

Project Name	Contractual completion date	Extended completion date (approved/pending EOT)	Approximate % of Completion as at LPD	Remaining Contract Value as at LPD (RM '000)
GV Bumisinar 3.22 MWp Rooftop Solar PV Facility Project	January 2022	August 2023 / (approved)	61.14	2,772
Gsparx Wipro Unza 0.49 MWp Rooftop Solar PV Facility Subang Project	November 2021	May 2022 / (approved)	100.00	-
Industrial 1.01 MWp Rooftop Solar PV Facility Klang Project	May 2021	September 2022 / (pending)	91.05	200
Malakoff Aeon 2.11 MWp Rooftop Solar PV Facility Cheras Project	October 2021	January 2022 / (pending)	100.00	-
Cenergi Inokom 1.21 MWp Rooftop Solar PV Facility Padang Serai Project	November 2021	March 2022 / (approved)	100.00	-

Solar PV Facilities Related Construction and Installation Works Projects

Project Name	Contractual completion date	Extended completion date (approved/ pending EOT)	Approximate % of Completion as at LPD	Remaining Contract Value as at LPD (RM '000)
1.37 MWp Rooftop Solar PV Facility Johor Bahru Project	July 2021	December 2021 (approved)	100.00	
Sinohydro 100.00 MWac LSS 3 PV Plant Marang Project – Electrical work package	October 2021	May 2022 (pending)	100.00	-
Sinohydro 100.00 MWac LSS 3 PV Plant Marang Project Mechanical work package	October 2021	May 2022 (pending)	100.00	-

Please refer to Section 6.3.3.1 (iv) (b) and Section 6.3.3.2 (iii) (b) of this Prospectus for further details on our on-going projects.

In the event of failure to obtain the EOT from customers, we may be subject to potential LAD claims including delay LAD and abandonment LAD based on the terms of the contract. As at LPD, we have received approval for EOT for 4 out of 8 of our projects which requires an EOT while the remaining 4 are still pending approval from the customers. In the event the request for EOT is rejected by our customers, we may be subject to potential LAD claims based on the terms stipulated in the contracts. As at the LPD, our maximum exposure with regards to the LAD is RM1.99 million.

The on-site operations for our on-going projects were affected during the said period and we notified our customers of the suspension of onsite works due to the constraints we encountered during the said NRP period. Please refer to the table above for further details on our on-going projects that were affected due to the full lockdown period during Phase 1 of NRP.

We were only able to bill our customers based on work done for our solar PV facilities projects before Phase 1 of NRP as well as recurrent billings from solar power generation and supply. Due to the suspension of onsite projects during the NRP period including FMCO, this has affected our monthly revenue between June and July 2021 for the FYE 31 March 2022. Subsequently, our revenue performance improved progressively from the month of August 2021 onwards since the resumption of our operations in mid-July 2021.

The financial impact resulting from the MCO was reflected in the first quarter of FYE 31 March 2022 as summarised in the table below:

	Quarter 1 FYE 2022 (Apr 2021 – Jun 2021)	Quarter 2 FYE 2022 (July 2021 – Sept 2021)	Quarter 3 FYE 2022 (Oct 2021 – Dec 2021)	<b>Quarter 4 FYE 2022</b> (Jan 2022 – <i>Mar</i> 2022)
Revenue (RM'000)	8,343	18,325	32,074	40,521
Quarter-on-quarter change (%)	-49.59	119.63	75.03	26.33

Our net cash used in operating activities was RM27.71 million for the FYE 2022. This was mainly due to the increase in contract assets which was contributed by services performed but pending billing to customers and increase in contract liabilities mainly due to advance payment received from customers.

Nonetheless, there was no material impact on the collectability of our trade receivables. Our total net receivables stood at RM9.10 million as at 31 March 2022. As at the LPD, RM4.28 million or 47.03% of our total trade receivables outstanding have been collected.

The remaining RM4.82 million or 52.97% of the total trade receivables were still outstanding as at the LPD, out of which RM3.67 million or 76.06% of the outstanding amount exceeded the credit period mainly attributed to, among others, some customers which require longer internal processing time to verify the claim before making the payment to us.

As at the LPD, our Group has a combined limit for trade facilities of RM123.55 million, of which RM28.06 million was unutilised. In addition, our cash and bank balances as at the LPD is RM43.13 million.

For the Financial Years Under Review and up to the LPD, we have not experienced any claims for LAD or penalties on delays in project completion. As at the LPD, we have not received any clawback or reduction in banking facility limits granted to us by the financial institutions. We do not expect any difficulties in meeting our debt repayment obligations during the next 12 months.

#### (vi) Impact on our supply chain

While our supply chain was impacted by the COVID-19 pandemic that affected Malaysia and many countries globally, nevertheless the impact was not material.

During the MCO period in 2020, shipments of solar PV modules from our suppliers in China took a longer time to be delivered due to containment measures taken by the government of China in January 2020 and February 2020 as well as the imposition of MCO in Malaysia in March 2020 and April 2020. However, we have the required level of stocks of these equipment and materials during this period for our on-going projects which enabled us to carry out onsite activities upon the resumption of works.

Similarly, during the FMCO and Phase 1 of NRP period in 2021, we have the required level of stocks of these equipment and materials for our on-going projects which enabled us to carry out the onsite activities upon the resumption of works.

Components of solar PV facilities such as solar PV modules are mainly manufactured and imported from foreign countries in bulk and are subjected to fluctuation in sea freight rate. Sea freight rates have been on an increasing trend since the second half of 2020 from US\$2,032/forty-foot equivalent unit (FEU) on 2 July 2020 to US\$10,377/FEU on 23 September 2021, and subsequently decreased to US\$6,224/FEU on 18 August 2022. The increase in sea freight rates was mainly due to the imbalance between demand and supply of containers resulting from the COVID-19 conditions in different economies as well as the imbalanced trade between China and the US where China exports more than it imports, thereby creating an insufficient supply of empty containers for China's export requirements. The increase in sea freight is likely to be reflected in the cost of solar PV modules. (Source: Industry Overview)

In our project budgeting process, our cost estimation will take into consideration potential increases in prices of major equipment such as solar PV modules and inverters as well as construction materials. In the event of any significant increases in cost of materials where we have not budgeted for and are unable to pass the increases in cost to our customers, this could affect our project profitability and financial performance. We have experienced increases in prices of solar PV modules where our average purchase price for solar PV modules has been increasing between mid-2020 and up to the LPD. We also experienced increases in sea freight rates for our imports of solar PV modules from China since mid-2020 and up to the LPD.

Notwithstanding the continuing COVID-19 pandemic, we have not encountered any material supply disruptions for any new orders of any solar PV equipment and materials for our business operations as at the LPD.

#### (vii) Impact on our earnings prospects

Our business was affected due to the impact of the COVID-19 pandemic which resulted in a temporary suspension of our business operations during the MCO period in 2020, FMCO and Phase 1 of NRP periods in 2021.

In 2020, the overall power industry was impacted by the COVID-19 pandemic in terms of electricity generation and consumption, which declined by 3.5% and 4.7% respectively. This was mainly due to the adverse impact on Malaysia's economy attributed to measures taken by the Government to contain the spread of COVID-19. In 2021, the electricity generation and consumption increased by 1.2% and 1.7% respectively. (Source: Industry Overview)

In 2021, Malaysia's economy recovered to grow by 3.1% compared to 2020, mainly attributed to the gradual reopening of economic sectors as well as strong exports and continued policy aid from the Government from households and businesses. In first half of 2022, the real GDP of Malaysia's economy grew by 6.9% compared to first half of 2021. Overall, the economy in Malaysia is estimated to grow within the range of 5.3% to 6.3% in 2022. (Source: Industry Overview)

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run. This view takes into consideration the gradual recovery of Malaysia's economy supported by the various economic stimulus packages provided by the Government.

As at the LPD, our order book was RM558.34 million based on total unbilled contract value of our on-going and new projects including 7 EPCC of LSS PV plant projects which are expected to be completed progressively between FYE 2023 and FYE 2024.

#### (viii) Impact on our future plan and strategies

Part of our future plans include the follows:

- (a) Expansion of solar PV business which includes expansion into EPCC of LSS PV plants which are primarily ground mounted solar PV plants. As at the LPD, we have 35 ongoing and new solar PV facilities projects, including 28 rooftop solar PV facility projects and 7 LSS solar PV plant projects;
- (b) Complementary RE facilities and products which include EPCC of other RE facilities, and expand into complementary products for the integration into solar PV facilities include IoT solar energy system and current limiting reactor;
- (c) Set-up new offices for business expansion include a new office in Johor, Malaysia; and
- (d) Purchase operational equipment for our solar PV services business include the purchase of electrical testing instruments and equipment, mechanical and construction equipment as well as IT related system for solar PV applications.

In the event of a prolonged COVID-19 pandemic and/or any re-implementation of FMCO measures and/or increase in restrictions on MCO, this could adversely affect our ability in implementing our future plans and strategies as per the timeline set out in Section 6.10 of this Prospectus. Failure to implement our business strategies in a timely manner may adversely affect our future business and financial performance.

#### 6.3.12 Seasonality

We do not experience any material seasonality in our business as the nature of our business operations is project based and are not subject to seasonal fluctuations.

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#### 6.4 EMPLOYEES

All of the employees in our Group are based in Malaysia. A summary of our Group's employees as at the LPD is as follows:

Department	Number of employees as at the LPD
Management	4
CEO Office	2
Business Development (including Marketing)	6
Finance and Accounting	6
HR, Administration and IT	5
O&M	3
Quality Management	1
Project	30
(including Project, LSS Project Development, Project Support and Tender)	
Technical	12
Total	69

As at the LPD, our Group had no foreign employees and 24 contractual employees for LSS projects.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

#### 6.4.1 Operational Facilities

We operate from the following facilities:

Company	Main Functions	Approximate Built- up Area (sq. ft.)	Location of Facilities
Fabulous Sunview Sdn Bhd	Storage facility	5,899	7, Jalan 22/6, Off Jalan Bukit Belimbing, Section 22, 40300 Shah Alam, Selangor
Fabulous Sunview Sdn Bhd, Suntech Energy Sdn Bhd, Solarcity REIT Sdn Bhd, Solare Truss Sdn Bhd, Vafe System Sdn Bhd	Head office and sales office	7,792	01-9, 9 <sup>th</sup> Floor, Menara Symphony, No. 5 Jalan Professor Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor

#### 6.5 MAJOR CUSTOMERS

Our top 5 major customers for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 are as follows:

#### FYE 2019

Major customers	Customer type	Main type of services provided	RM'000	% of total revenue <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
Watertec (Malaysia) Sdn Bhd	Building owner	EPCC of solar PV facilities	1,340	23.70	less than 1 year
Yuen Fee (Wan Soon) Engineering Sdn Bhd	Building owner	EPCC of solar PV facilities	980	17.34	less than 1 year
SCT Industries (M) Sdn Bhd	Building owner	EPCC of solar PV facilities	926	16.39	less than 1 year
Kerjaya Prospek (M) Sdn Bhd	Main contractor	EPCC of solar PV facilities	417	7.39	1
E&A Letrik (M) Sdn Bhd	Main contractor	Subcontracted works	255	4.50	1
Total top 5 major customers	•		3,918	69.32	

#### **FYE 2020**

Major customers	Customer type	Main type of services provided	RM'000	% of total revenue <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
MSR Projects Sdn Bhd	Main contractor	Subcontracted works	8,478	32.14	1
Gsparx Sdn Bhd	Investor	EPCC of solar PV facilities	5,413	20.52	1
Scatec Solar Solutions Malaysia Sdn Bhd	Main contractor	Subcontracted works	4,628	17.55	less than 1 year
Edmark Industries Sdn Bhd	Building owner	EPCC of solar PV facilities	1,845	7.00	less than 1 year
Platinum Phase Sdn Bhd	Building owner	EPCC of solar PV facilities	1,107	4.20	less than 1 year
Total top 5 major customers	3		21,471	81.41	

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#### **FYE 2021**

Major customers	Customer type	Main type of services provided	RM'000	% of total revenue <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
Solar Greencells Sdn Bhd	Main contractor	Subcontracted works	12,064	27.84	1
Gsparx Sdn Bhd	Investor	EPCC of solar PV facilities	5,900	13.62	2
Munchy Food Industries Sdn Bhd	Main contractor	EPCC of solar PV facilities	4,557	10.52	1
LPE Engineering Sdn Bhd	Main contractor	Supply of materials and site survey services	4,195	9.68	less than 1 year
MSR Projects Sdn Bhd	Main contractor	Subcontracted works	2,837	6.55	2
Total top 5 major customers	<b>S</b>		29,553	68.21	

#### **FYE 2022**

Major customers	Customer type	Main type of services provided	RM'000	% of total revenue <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
Customer A (3)	Facility owner	EPCC of solar PV facilities	13,905	14.01	1
Adil Bestari Sdn Bhd	Main contractor	EPCC of solar PV facilities	12,879	12.97	1
GV Bumi Sandakan Sdn Bhd	Facility owner	EPCC of solar PV facilities	10,750	10.83	1
Sinohydro Corporation (M) Sdn Bhd	Main contractor	Subcontracted works	8,541	8.60	less than 1 year
Malakoff Radiance Sdn Bhd	Investor	EPCC of solar PV facilities	5,550	5.59	less than 1 year
Total top 5 major customers			51,625	52.00	

#### Notes:

- (1) Total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 was RM5.65 million, RM26.37 million, RM43.33 million and RM99.26 million, respectively.
- (2) Length of business relationship is determined as at the respective FYEs.
- (3) Customer A is principally involved in investment, implementation and operation of renewable energy projects. Customer A is a subsidiary of a company listed on Bursa Securities which is principally involved in the manufacture of pipes, construction activities, property development and investment, as well as trading of steel related materials and building materials for the water supply industry. There is a confidentiality clause in the agreement entered into between Fabulous Sunview and Customer A which restricts Fabulous Sunview from disclosing any information pertaining to the company and the works performed under the agreement. We have written to Customer A to seek consent for disclosure of their identity and financial information pursuant to the IPO but the consent was not granted.

For the Financial Years Under Review, we are not dependent on any of our above customers as the nature of our business is project based.

Please refer to Section 8.1 of this Prospectus for further details on risks relating to the nature of our business which is project based.

#### 6.6 MAJOR SUPPLIERS

Our top 5 major suppliers for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 are as follows:

#### **FYE 2019**

Major suppliers	Main types of products / services provided	RM'000	% of total purchases <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
Hefei JA Solar Technology Co. Ltd, China	Solar PV modules	835	21.33	3
Hanwha Q Cells Malaysia Sdn Bhd	Solar PV modules	404	10.31	2
Shanghai JA Solar Technology Co. Ltd, China	Solar PV modules	313	8.00	less than 1 year
Inverpower Sdn Bhd	Inverters	300	7.66	3
SW Electric Sdn Bhd	Solar logger	187	4.78	less than 1 year
Total top 5 major suppliers		2,039	52.08	

#### **FYE 2020**

Major suppliers	Main types of products / services provided	RM'000	% of total purchases <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
Southern Cable Sdn Bhd	Cables	3,353	17.25	less than 1 year
LPE Enterprise	Installation works	2,052	10.56	2
Hanwha Q Cells Malaysia Sdn Bhd	Solar PV modules	1,810	9.31	3
Jinko Solar Co. Ltd, China	Solar PV modules	1,761	9.06	less than 1 year
ECE Electric Current Engineering (M) Sdn Bhd	Installation works	1,193	6.14	less than 1 year
Total top 5 major suppliers		10,169	52.32	

#### **FYE 2021**

Major suppliers	Main types of products / services provided	RM'000	% of total purchases <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
JA Solar International Ltd, Hong Kong	Solar PV modules	4,805	16.44	1
LPE Enterprise	Installation works	3,504	11.99	3
ECE Electric Current Engineering (M) Sdn Bhd	Installation works	2,515	8.61	1
Jinko Solar Co. Ltd, China	Solar PV modules	1,256	4.30	1
Inverpower Sdn Bhd	Inverters	1,023	3.50	5
Total top 5 major suppliers		13,103	44.84	

#### **FYE 2022**

Major suppliers	Main types of products / services provided	RM'000	% of total purchases <sup>(1)</sup>	Length of business relationship (years) <sup>(2)</sup>
JA Solar International Limited, Hong Kong	Solar PV modules	11,763	16.00	2
Sol Power Engineering Sdn Bhd	Installation works	7,675	10.44	less than 1 year
Marudu Network Sdn Bhd	Solar PV modules	7,273	9.89	less than 1 year
Aquanaz Solution Sdn Bhd	Installation works	7,100	9.66	less than 1 year
Trina Solar Energy Development Pte, Ltd, Singapore	Solar PV modules	6,056	8.24	less than 1 year
Total top 5 major suppliers		39,867	54.23	

#### Notes:

- (1) Total purchases for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 was RM3.92 million, RM19.44 million, RM29.23 million and RM73.51 million, respectively.
- (2) Length of business relationship is determined at each of the respective FYE.

Our purchases from JA Solar Group, including those made through its subsidiaries (including Hefei JA Solar Technology Co. Limited, Shanghai JA Solar Technology Co. Limited and JA Solar International Limited) collectively represented 29.33%, 11.85%, 20.37% and 16.00% of our total purchases of equipment, materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively. We are not dependent on JA Solar Group as we can source solar PV modules from other suppliers.

In addition, we are not dependent on any single supplier of products or services as similar purchases can be sourced from other suppliers. As we do not have any long term or exclusive contracts with our suppliers and our purchases are based on issuance of purchase order as and when needed, there will not be any switching cost involved if we were to purchase our solar PV modules or other equipment and materials from other suppliers.

#### 6.7 EXCHANGE CONTROL

All corporations in Malaysia are required to adopt the single-tier dividend system. All dividends distributed by Malaysian resident companies under the single-tier dividend system are not taxable. Further, the Government does not levy withholding tax on dividend payments. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian companies. There is also no Malaysian capital gains tax arising from the disposal of listed shares.

We do not have any foreign subsidiaries presently. As such, as at the LPD, there are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

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#### 6.8 KEY MACHINERY AND EQUIPMENT

Our main machinery and equipment for our Group's business operations are as follows:

Main equipment and tools	Number of units	Net book value as at 31 March 2022 RM'000
Solar PV facilities (1)	17	25,344
Testing tool	16	67
Data logger	3	17
Pile driver	1	31
Drone	5	19
Hand drills and driver	3	20
Others (2)	48	72
TOTAL		25,570

#### Notes:

- (1) We are an asset owner of solar PV facilities for our solar power generation and supply operations. As at 31 March 2022, the total investment cost of our solar PV facilities was RM41.00 million for our solar power generation and supply segment.
- (2) Others include measurement tools, portable generator, crimping tools, weighing scale, current measurement meter, pallet truck and cutting equipment.

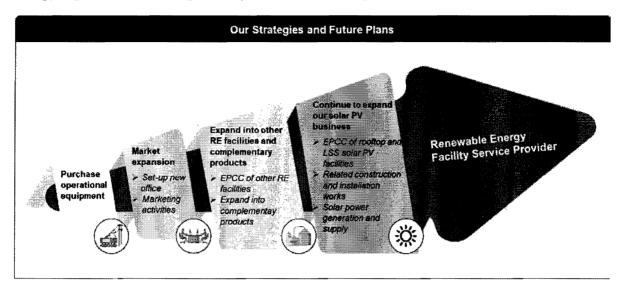
#### 6.9 CAPACITY AND UTILISATION

Measurements of capacity and utilisation do not apply to our business operations as our business activities are service based and we carry out most of our work at project sites.

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#### 6.10 BUSINESS STRATEGIES

Moving forward, we will continue to focus our expansion in the renewable energy sector in Malaysia backed by our track record in providing solar PV services as well as being an asset owner to provide solar power to consumers. This is in addition to our subcontracting works for LSS PV projects. Our track record and experience will continue to provide us with the platform to expand into other renewable energy segments. Our strategies and plans to sustain and grow our business are as follows:



#### 6.10.1 Continue to expand our solar PV business

Our overall strategy is to continue to focus on our core competency in solar PV business as well as solar power generation and supply. This is supported by our track record since the commencement of solar PV services in 2013.

In line with our strategy, we will continue to expand our solar PV business based on our track record and competitive strength as indicated below:

- Our track record from past projects in EPCC and construction and installation services will serve as reference sites for us to secure new customers and projects. This will be further supported by our plans in setting up a new branch office in Johor to address potential opportunities. We believe that our continuous sales and marketing efforts to secure new projects will contribute to our order book; and
- To expand our solar power generation and supply business segment for recurrent revenue that will provide us with a certain amount of predictable cash flow to complement our project based revenue.

#### (a) EPCC and construction and installation of solar PV facilities

As at the LPD, we have a total unbilled order book of RM558.34 million including 7 EPCC for LSS PV plant projects which are expected to be completed progressively between FYE 2023 and FYE 2024.

		Unbilled order book	
	EPCC of LSS solar PV projects RM'000	EPCC of rooftop solar PV projects  RM'000	Total <i>RM'000</i>
Makaga a a a a a	542,302	16,041	558,343

Please refer to Section 11.3.13 of this Prospectus for further details on the unbilled order book and Section 6.3.3.1 (iv) and Section 6.3.3.2 (iii) of this Prospectus for further details on our ongoing and new projects.

Our order book is project based and typically non-recurring. In this respect, our business sustainability and growth are dependent on our ability to leverage from our core competency to secure new contracts to expand our order book.

#### (b) Solar power generation and supply segment

Part of our strategy is to leverage on our technical knowledge and experience in the EPCC of solar PV facilities to expand into asset ownership where we commence this business operation in 2019 through Solarcity REIT. As at the LPD, we own 18 solar PV facilities with a collective installed capacity of approximately 7.74 MWp.

As an owner of solar PV power generation and supply facilities, these assets provide us with recurrent revenue to complement our project-based revenue from our EPCC and construction and installation of solar PV facilities business.

Revenue contribution from the solar power generation and supply segment started in 2021 which accounted for 0.45% (RM0.20 million) of our total revenue for the FYE 2021. In FYE 2022, revenue contribution from the solar power generation and supply segment accounted for 3.52% (RM3.50 million) of our total revenue for the FYE 2022. In the near term, we expect revenue contribution from this segment to be proportionately much lower compared to our EPCC and subcontracted works for solar PV facilities.

As part of our expansion plans, we intend to construct 2 new solar PV facilities in Klang, Selangor with a total planned installed capacity of 0.38 MWp by 2022 which is expected to commence operations by first quarter of 2023. We have a 21-year SARE agreement for each of the 2 new solar PV facilities. The cost of the construction for the 2 new solar PV facilities is estimated at RM1.43 million which will be funded through bank borrowings.

Moving forward, we will continue to expand this business segment when opportunities arise through the BOOT, BOO and/or AOO arrangements to enlarge our recurrent revenue stream.

#### 6.10.2 Expand into other RE facilities and complementary products

#### (a) Expand into EPCC of biogas plants

Part of our strategy is to leverage on our experience and track record in EPCC of solar PV facilities to address potential opportunities in the EPCC of other RE facilities namely biogas plants. In line with the national initiatives to promote RE, we plan to expand into the EPCC of biogas plants which is designed to generate electricity by using waste materials, such as agricultural waste. Depending on the requirements, the biogas plant can be used to generate electricity for either the self-consumption model or to connect to the power grid.

In line with our expansion plans, we intend to expand our technical team to hire relevant skilled and technical personnel including M&E engineers with the relevant biogas experience to be responsible for project planning, implementation and execution. We believe the experience and expertise that we have gained from our past RE projects including EPCC and subcontracting work will provide us with the platform to bid and tender for EPCC of biogas plants. In this respect, we have received enquiries and conducted preliminary discussion with a prospective customer for the EPCC of biogas plant and this could potentially contribute to our future order book and increase our market presence in non-solar RE facilities.

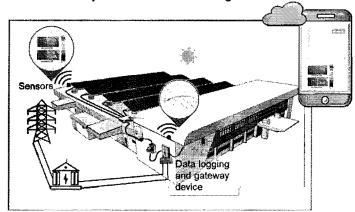
As at the LPD, we have not obtained any awards or submitted any proposals or tenders for the EPCC of biogas plants.

We intend to set aside RM0.65 million to expand our technical team for the EPCC of biogas plant which will be funded through internally generated funds within 24 months from the listing date.

#### (b) Expand into the provision of complementary products for solar PV power applications

Part of the Group's strategies is to expand into the provision of complementary products for our solar PV business where we plan to provide complementary products including IoT solar energy system and current limiting reactor system for solar PV power applications.

loT solar energy system consists of components including a data logger and sensors
which are designed to capture the generation and consumption of electricity. The
system will provide real time data analytics, performance ratio analysis and monitoring,
automatic alerts on any malfunctions including corrective actions and reporting.



Conceptual IoT solar energy system

Current limiting reactor is a system that is designed to limit or dampen current caused
by electrical faults or short circuits. The current resulting from a short circuit causes
spikes in the normal flow of current which, if the level of current exceeds the threshold,
it may damage equipment or cause fire. Current limiting reactor system may be
integrated into the interconnection between the solar PV facility and the power grid.
This will prevent or dampen current spikes caused by short-circuits from the consumer
end before reaching the power grid.

We will offer the above complementary products as an add-on option for future bidding of new EPCC projects.

We plan to source these products from third party manufacturers as part of our complementary range of products for our solar PV business and will be focusing on the basic function products as mentioned above. In the event of a demand for any new features or functions other than those above-mentioned, we will explore further with the third party manufacturers, if the need arises. We intend to allocate approximately RM0.46 million to fund the expansion into the provision of complementary products from IPO proceeds, within 24 months from the listing date. Please refer to Section 4.4 of this Prospectus for further details on the use of proceeds.

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#### 6.10.3 Market Expansion

We intend to set-up new office for our market expansion:

(i) Market expansion to set up new office in Johor

We currently operate from our head office with storage facility in Selangor. We plan to set-up a new branch office in Johor to address potential opportunities in the EPCC of rooftop solar PV facilities and providing associated services such as solar PV consulting, engineering and maintenance services. We have been serving customers in Johor where our revenue contribution from Johor increased from 0.77% (RM0.04 million) in FYE 2019 to 21.90% (RM9.49 million) in FYE 2021. From this perspective, the intention is to set up a branch office in Johor to target the commercial and industrial applications in the market in the Southern region.

The estimated build-up area of the new office is approximately 1,500 sq. ft and will be used as a branch office to house our technical and support personnel. Our new office in Johor will address opportunities in the southern region of Peninsular Malaysia. Consequently, our engineers in Johor will cover the southern region of Peninsular Malaysia, while engineers from our head office will cover all other regions in Malaysia.

As part of our expansion strategy, we intend to rent an office and employ technical sales and support personnel to cover the market in the Southern region of Peninsular Malaysia.

In this respect, we intend to allocate RM0.71 million to fund the set-up of a new office and hiring of 9 personnel including project engineers, administrative and business development personnel. This will be funded through the IPO proceeds within 24 months from the listing date. Please refer to Section 4.4 of this Prospectus for further details on the use of proceeds.

#### (ii) Marketing activities

Moving forward, we plan to carry out marketing activities to promote our services while at the same time, increase the market awareness of our company and generate sales leads for our business. As part of our marketing plans, we intend to carry out a two-prong strategy as indicated below:

- digital marketing activities including creating and developing video content to educate
  prospective customers about RE. This content will be distributed through social media and
  paid media channels such as pay per click and display advertisements, online event
  sponsoring as well as virtual event participation such as webinars and online exhibitions.
- conventional marketing activities including print media such as press releases, interviews with magazines and releasing promotional content of our services.

In view of this, we intend to allocate RM0.50 million for our marketing activities, which will be funded through the IPO proceeds within 24 months from the listing date. Please refer to Section 4.4 of this Prospectus for further details on the use of proceeds.

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#### 6.10.4 Purchase operational equipment for our solar PV business operations

Our existing equipment mainly consist of electrical testing instruments, equipment and tools for our EPCC, and construction and installation services. We also have a pile driver used for pilling and foundation works for ground mounted LSS PV plant projects.

In the past, we mainly utilised mechanical and construction equipment provided by subcontractors and we also rented equipment including piling machines, and data loggers for construction and installation works. In this respect, we plan to purchase new operational equipment to cater to the expansion of our solar PV business.

To support the continuing expansion of our solar PV business, we intend to purchase the following equipment for our operations:

- Electrical testing instruments, equipment and tools including thermal imaging cameras, power quality measurement instruments and solar PV testers;
- Mechanical and construction equipment including pilling equipment, panel cleaning equipment and construction lifts such as boom lifts and scissor lifts; and
- IT related system including hardware and software for solar PV applications.

The estimated cost of purchasing the following operational equipment is RM1.86 million which will be funded through the IPO proceeds within 18 months from the listing date.

	Total estimated cost No. of units RM'000
Mechanical and construction equipment	1,130
- Piling equipment	3 345
- Construction lifts	2 285
<ul> <li>Vehicles for project sites</li> </ul>	2 260
- Panel cleaning equipment	2 240
IT related system for solar PV applications	554
<ul> <li>Hardware including servers and cloud sto</li> </ul>	rage 1 400
- Solar PV related software <sup>(1)</sup>	11 154
Electrical testing instruments and equipment	and tools 171
- Thermal imaging cameras	2 78
- Power quality measurement instruments	2 79
- Solar PV testers	2 14
Total	1,855

#### Note:

(1) Include solar data subscriptions, solar system design and simulation software, AutoCAD software for mechanical and electrical drawing, and project management software subscriptions.

Please refer to Section 4.4 of this Prospectus for further details on the use of proceeds.

#### . INDUSTRY OVERVIEW



1 September 2022

The Board of Directors Sunview Group Berhad Lot 01-9, 9th Floor, Menara Symphony No. 5, Jalan Professor Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor Vital Factor Consulting Sdn Bhd

(Company No.: 266797-T)

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Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel: (603) 7931-3188 Fax: (603) 7931-2188 Email: enquiries@vitalfactor.com Website: www.vitalfactor.com

Dear Sirs and Madam

#### Independent Assessment of the Solar Photovoltaic Industry in Malaysia

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above for inclusion into the prospectus of Sunview Group Berhad concerning its proposed listing on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, availability of up-to-date information, secondary information and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders (formerly known as Australian Institute of Management). He has more than 20 years of experience in business consulting and market research, as well as corporate finance for initial public offering exercises for companies seeking listing on Bursa Securities.



#### INDEPENDENT ASSESSMENT OF THE SOLAR PHOTOVOLTAIC INDUSTRY IN MALAYSIA

#### 1. INTRODUCTION

- Sunview Group Berhad and its subsidiaries (Sunview Group) are mainly involved in the
  engineering, procurement, construction and commissioning (EPCC) and construction and
  installation of solar photovoltaic (PV) facilities in Malaysia, which will form the focus of this report.
  Sunview Group is also an asset owner of solar PV facilities in the generation and supply of power
  although revenue contribution from this segment of its business is still relatively small.
- In this report, the terms power and electricity are used interchangeably. For ease of discussion, solar PV facilities in this report refer to all sizes of solar PV generating capacity, which includes solar PV systems and plants, unless specified otherwise. All data and information in the report refer to Malaysia unless stated otherwise.

#### 2. DESCRIPTION OF THE INDUSTRY

#### 2.1 Energy sources for power generation

- Power generation requires a primary energy source which includes the following:
  - renewable sources such as solar (PV and thermal), geothermal, hydro, wind, biomass, biogas, current and wave; and
  - non-renewable sources such as fossil fuels (including oil, gas and coal), as well as nuclear fuels (such as uranium and plutonium).
- Solar PV power competes against other methods of power generation mainly from the perspective of cost and impact on the environment.
- The Ministry of Energy and Natural Resources is committed to the use of renewable resources for power generation with a target of 31% of the total installed capacity in Malaysia coming from renewable resources in 2025 and 40% in 2035 under Malaysia's Energy Transition Plan. As Peninsular Malaysia accounts for 80% of Malaysia's total electricity demand, the plan will focus on Peninsular Malaysia where it is projected that renewable energy will account for 26% of the 31% target capacity mix in 2025, and 32% of the 40% target capacity mix in 2035.
- Electricity in Malaysia was and continues to be mainly generated from non-renewable energy such as coal and natural gas. In 2021, the installed capacity of non-renewable energy

Installed Capacity by Type of Energy in 2021

Solar
4.6%

Hydro
16.1%

Non-renewable
77.0%

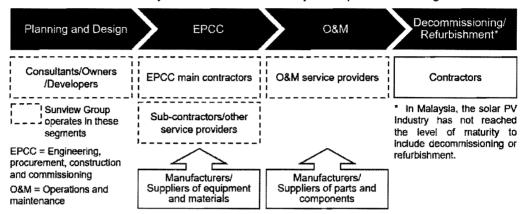
Source: Vital Factor analysis

- accounted for 77.0% (29,789 MW) while the installed capacity of renewable energy including hydro, solar and bioenergy collectively accounted for 23.0% (8,898 MW) of the total installed capacity in Malaysia.
- Globally, solar PV power has been growing as a source of renewable energy driven by its rapid deployment in Asia particularly in China, Japan and India. The global cumulative solar PV installed capacity recorded a compound annual growth rate (CAGR) of 21.3%, from 395 Gigawatts (GW) in 2017 to 855 GW in 2021. (Source: Vital Factor analysis)



#### 2.2 Value chain and lifecycle of solar PV facilities

• The value chain and lifecycle of the solar PV industry are depicted in the diagram below:



#### 2.3 Solar PV facilities

- A solar cell is a semiconductor device that converts sunlight directly to electricity and is the
  basic building block of a solar PV module. When several solar cells are connected, they form
  a solar PV module. Several solar PV modules connected will become solar PV panels. A
  solar PV array comprises multiple connected solar PV panels.
- A solar PV facility comprises solar PV modules and balance of system which mainly includes inverters, controllers, meters, junction boxes, mounting structures and electrical wiring and cabling. For larger systems such as solar PV plants, the balance of system may also include, transformers, switchgears, sensors and monitoring devices, batteries, auxiliary power, interconnections to substations, and supervisory control and data acquisition (SCADA) system.
- Generally, solar PV facilities can be categorised into on-grid (or grid-connected) system which refers to a solar PV facility connected to the power grid, off-grid which system refers to a solar PV facility that is not connected to the power grid, and hybrid system which combines electricity generated from a solar PV facility with an auxiliary energy source, such as a diesel power generator set. Some systems may also include a battery storage system to provide power during low or no solar irradiance.

#### 3. SOLAR PV PROGRAMMES

Government initiated programmes are one of the main drivers of growth in the solar PV industry in Malaysia, which include the following:

#### (a) Residential/Commercial/ Industrial/Agricultural

Solar PV programmes initiated by the Sustainable

Solar Energy Programmes					
Residential/ Commercial/ Industrial/Agricultural	Developer/ Investor/Owner	Government			
• FIT • NEM • SELCO	LSS PV Plants     NEDA	MySuria     BELB     SARES			

FIT and NEM by SEDA; LSS, NEDA, MySuria and SELCO by Energy Commission

BELB by Ministry of Rural Development; SARES by Sarawak State Government

Energy Development Authority (SEDA) and the Energy Commission of Malaysia include the following:



- (i) Feed-in-Tariff (FiT) programme obliges the distribution licensees, including Tenaga Nasional Berhad (TNB) and Sabah Electricity Sdn Bhd, to buy electricity generated from renewable resources produced by Feed-in approval holders (FiAH) at a predetermined rate for a specific duration. Under this programme, there was no new guota allocated for solar PV since 2017. (Source: SEDA)
- (ii) Net Energy Metering (NEM) programme was introduced in November 2016 to replace FiT programme for solar PV facilities. NEM programme allows consumers to generate solar PV power for self-consumption, and export any excess electricity to the power grid. In 2019, the NEM programme was enhanced to NEM 2.0 which offers a one-to-one offset basis by off-setting every 1 kWh exported with 1 kWh consumed from the grid. The enhanced NEM scheme resulted in an improved take-up rate as the number of applications surged between 2019 and 2020. Under the NEM 1.0 and NEM 2.0 programme, 500 MW of solar quota was offered and the quota was fully taken up in December 2020. As of August 2022, under the NEM 3.0 programme, 800 MW of solar quota was offered, which comprises three categories as follows:
  - NEM Rakyat allows domestic consumers with solar PV installations on the roof-top of their premises to firstly consume the power produced and export any excess power to the grid. Credit will be given for excess power exported which can offset part of the electricity bill on a one-to-one basis for ten years of operation. The quota allocation for NEM Rakyat is 100 MW for 2021 up to 2023.
  - **NEM GoMEn** is similar to NEM Rakyat except that it applies to government premises. The quota allocation for NEM GoMEn is 100 MW for 2021 up to 2023.
  - Net Offset Virtual Aggregation (NOVA) allows commercial and industrial users to export excess energy to either the distribution licensee or to a maximum of three designated premises. This programme will operate for 10 years from the commencement date of the solar PV installation. The quota allocation for NOVA is 600 MW for 2021 up to 2023.

With the NEM programme, solar power consumers may purchase power on a payper-use basis from solar PV facility owners via power purchase agreements (PPA), or lease solar PV facilities from owners based on solar leasing agreements (SLA) based on two payment arrangements:

- Supply Agreement for Renewable Energy (SARE) is a tripartite agreement between the consumer, investor and TNB where payment is through TNB electricity bills. This is only available to consumers that are registered with TNB in Peninsular Malaysia.
- Direct Contract is an arrangement involving the power consumer and investor.
- (iii) Self-consumption (SELCO) allows power consumers to install solar PV facilities for their use. Any excess electricity generated under SELCO is not allowed to be exported to the power grid. Solar PV facilities installed under the SELCO programme is not subjected to quota allocation. Nevertheless, the capacity of a grid-connected solar PV facility under the SELCO programme is limited to 75% of the maximum demand of the consumer's existing installation. (Source: SEDA)

As of 2021, the cumulative installed capacity of grid-connected solar PV facilities under the on-grid and off-grid SELCO programme was 137MW. (Source: Vital Factor analysis)



#### (b) Developer/Investor/Owner

#### (i) Large Scale Solar

The LSS PV plant programme, initiated by the Energy Commission of Malaysia, are targeted at private developers, investors and owners, and is for the grid-connected system with a power generation capacity of 1 MWac or more. The LSS programme is based on competitive bidding. Companies awarded are responsible for the full development including, among others, acquisition of land, construction of the solar PV plant and on completion, operating and maintaining the plant. The entity awarded with LSS projects will sign a 21-year PPA with TNB or Sabah Electricity Sdn Bhd.

The LSS programme was first launched in 2016 through approvals of fast-track contracts and subsequently had completed four rounds of competitive biddings as follows:

LSS Programme	LSS Fast Track^	LSS 1	LSS 2	LSS 3	LSS@ MEnTARI	Total
Export Capacity Awarded (MWac)	250	371	522	491	823	2,457

^LSS fast track projects refer to pioneer projects awarded without competitive bidding.

- In May 2020, the fourth cycle of the LSS programme (LSS@MEnTARI) was open for bidding to 100% local entities or entities listed on Bursa Malaysia Securities Berhad with at least 75% local shareholding. The quota offered was the largest among all previous bidding cycles, totalling 1,000 MWac worth RM4 billion for Peninsular Malaysia. There were 138 bidders, where the lowest bid price was RM0.1475 per kWh for a plant with a capacity of 50 MWac. In March 2021, 30 entities with a total capacity of 823.06 MWac were awarded, are expected to achieve commercial operation by 2023.
- In 2020, there were 173.4 MWac of additional solar PV power installed under the LSS programme, of which 119.9 MWac were connected to transmission lines while the remaining were being connected to distribution lines. In 2020, all the new operational solar PV power plants were in Peninsular Malaysia and are ground mounted, with an exception for one 10.0 MWac solar PV plant being a floating solar PV plant. In 2021, there were 52.8 MWac of additional solar PV installed under the LSS programme. The lower installed capacity compared to 2020 was mainly due to the containment measures imposed by the government in June 2021 amid the COVID-19 pandemic. (Source: Vital Factor analysis)
- (ii) New Enhanced Dispatch Arrangement (NEDA) is a programme which allows an entity involved in power generation to sell power to a single buyer such as TNB. Under the NEDA programme, power generators are allowed to submit bids for their variable costs such as fuel, operations and maintenance costs on a daily basis to compete for more power generation supply.

#### (c) Government

The federal and state governments including government-link entities have also initiated several solar PV programmes such as MySuria, BELB and SARES where they are the owners of the solar PV facilities. These solar PV programmes are mainly to provide power to remote areas as well as locations that are not feasible to be connected to the power grid. Some of the programmes are also to help qualified low-income households to generate additional income by exporting solar PC power generated on their premises to the power grid.

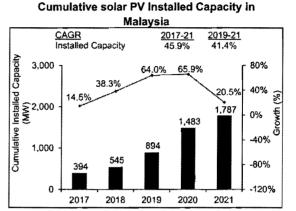


Sunview Group is involved in FiT, NEM, SELCO, LSS and NEDA programmes.

#### 4. SOLAR PV INSTALLED CAPACITY

# • In 2018 and 2019, the solar PV installed capacity grew by 38.3% and 64.0% respectively. The growth was mainly driven by the implementation of the LSS programme as well as the introduction of NEM 2.0 programme. Between 2019 and 2021, the cumulative solar PV installed capacity in Malaysia grew at a CAGR of 41.4%.

 The global cumulative solar PV installed capacity grew by CAGR of 21.3% between 2019 and 2021, indicating Malaysia grew at a relatively

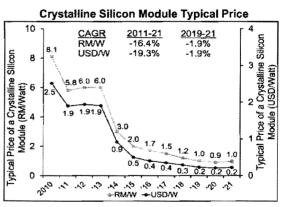


(Source: Vital Factor analysis)

higher pace. However, Malaysia's solar PV cumulative installed capacity at 0.05 MW per thousand people is relatively low compared to leading countries such as Japan, USA and China with an estimated 0.59 MW per thousand people, 0.29 MW per thousand people and 0.22 MW per thousand people respectively in 2021. (Source: Vital Factor analysis)

#### 5. SOLAR PV MODULE PRICES

- PV modules are the main component of solar PV facilities. There are two main types of PV modules, crystalline silicon (monocrystalline and polycrystalline) and thin-film. In 2020, the production of crystalline silicon modules accounted for 95% of the total global production of PV modules, while the remaining 5% were thin-film PV modules (Source: Vital Factor analysis).
- The average prices of crystalline silicon PV modules in Malaysia have declined significantly whereas the 2021 price was only 16.6% of the 2011 price for the same type of PV module. Between 2019 and 2021, the yearly average crystalline silicon module price declined by 1.9% in terms of RM/W. However, in 2021, the module prices increased by an estimated 7% compared to the previous year. The increase in module prices was mainly due to the increasing crystalline silicon and glass prices and other supply and demand challenges in the upstream market. (Source: Vital Factor analysis)



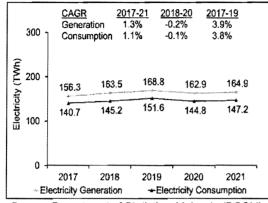
Source: SEDA and Vital Factor analysis

• While solar PV module prices may fall, electricity tariffs may not track the fall in prices of solar PV modules. This is because other costs such as the balance of system and land and construction cost may not fall in tandem with the price of solar PV modules, but may even increase over time. Thus, there is a limit to the reduction in the electricity price before the solar PV project becomes financially unattractive.

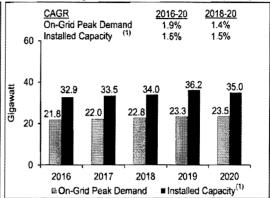


#### 6. DEMAND AND SUPPLY CONDITION

#### **Electricity Generation and Consumption**



**Electricity Demand and Installed Capacity** 



Source: Department of Statistics, Malaysia (DOSM)

Source: Energy Commission Malaysia (1) Includes on-grid and off-grid installed capacity

- The solar PV industry falls within the larger electricity and gas industry. Between 2019 and 2021, the real GDP of the electricity and gas industry declined by an average annual rate of 0.9% from RM30.6 billion in 2019 to RM30.0 billion in 2021. In the first half (H1) of 2022, the real GDP of this industry grew by 4.6% compared to H1 2021.
- In 2021, power generation exceeded consumption by 12.0%. The difference between power generation and consumption may be due to several factors including power loss through transmission, theft and unused power. Unused power is wasted as it is not stored.
- In 2020, being the latest available statistics, Peninsular Malaysia's electricity reserve margin was 32.0%, higher than the optimum level of 30.0%. (Source: Energy Commission Malaysia) A certain level of reserve margin is important to cater to increases in demand and unexpected outages of existing capacity. However, a high reserve margin may also mean that there may not be an urgency to develop additional power generating facilities due to excess capacity. In 2018, the government terminated four newly awarded independent power producer (IPP) contracts with a combined total capacity of 2,800 MW given the high reserve margin.

#### 7. RENEWABLE ENERGY INCENTIVES AND DRIVERS

#### 7.1 Tax Incentives for Green Technology

- The Malaysia Investment Development Authority (MIDA) has introduced tax incentives to strengthen the development of green technology.
  - Green Investment Tax Allowance (GITA) of 100% of qualifying capital expenditure on green technology projects from 2013 to 2020. GITA applies to renewable energy, energy efficiency, green building, green data centre and waste management. This incentive is also applicable to the purchase of qualified green technology assets. Under Budget 2020, this incentive was extended to 2023.
  - Green Income Tax Exemption (GITE) of 100% of statutory income from 2013 to 2020. GITE applies to renewable energy, energy efficiency, electric vehicle, green building, green data centre, green certification and verification as well as green township. Under Budget 2020, this incentive was extended to 2023 which allows 70% of statutory income to be exempted.



 Solar Leasing Tax Exemption of 70% of statutory income from solar leasing activities certified by SEDA for a period of up to ten years (Source: Budget 2020).

#### 7.2 Green Technology Financing Scheme (GTFS)

- The GTFS 2.0 was introduced by the government to provide financial support for renewable energy producers and consumers as well as energy services companies by offering a 2% per annum interest/profit rate subsidy for each loan or financing (limited to seven years) from all participating financial institutions. In addition, the government will guarantee 60% of the green technology cost. The GTFS 2.0 was approved by the Ministry of Finance in 2019 with the allocation of RM2.0 billion from January 2019 until the end of 2020 (Source: SEDA).
- In Budget 2021, the government has further allocated RM2.0 billion to support GTFS 3.0 from January 2021 until the end of 2022. GTFS 3.0 now includes supporting the issuance of Sustainable and Responsible Investment (SRI) sukuk (Islamic bonds) and green bonds.

#### 7.3 Liberalisation of Electricity Sector in Malaysia

- The electricity supply industry in Malaysia was previously served by power utility companies namely Tenaga Nasional Berhad (TNB), Sabah Electricity Sdn Bhd (SESB) and Sarawak Energy Berhad (SEB) exclusively. The government first deregularised the power utility sector by permitting IPP to cater to the growing power demand. The IPP and the utility company enter into a PPA where the IPP will sell its generated electricity to the utility company at an agreed rate throughout the contract period.
- In 2019, the government announced the Malaysia Electricity Supply Industry 2.0 (MESI 2.0) master plan to promote renewable energy and to introduce liberalisation across the energy industry. The plan included, among others, peer-to-peer (P2P) trading which allows third party access to the power grid for the trading of renewable energy to any power consumers. It is currently under review and pending finalisation by the government and regulators, with TNB working alongside. In 2019, TNB undertook an internal reorganisation and created two new subsidiaries to focus on power generation and retail of electricity to prepare for the anticipated reforms in the power industry.
- Between 2019 and 2020, a peer-to-peer (P2P) Energy Trading pilot project was conducted by SEDA to allow prosumers (a consumer and producer of electricity) to sell excess solar power on an energy trading platform to another consumer at a competitive rate. In total, 681 GW of solar power were exported and 470 GW were traded. (Source: SEDA and Vital Factor analysis)
- Liberalisation of the electricity sector may open up opportunities for renewable energy operators such as solar PV owners and service providers. At the same time, power consumers are expected to benefit from competition for the sales of electricity.

#### 8. KEY REGULATIONS GOVERNING THE INDUSTRY

- In Malaysia, solar PV facility service providers are required to be registered with:
  - (a) **Energy Commission**, a statutory body responsible for regulating the energy sector in Peninsular Malaysia and Sabah. According to the Electricity Regulation 1994:
    - electrical works for solar PV facilities can only be undertaken by contractors with a valid Certificate of Registration granted by the Energy Commission; and
    - solar PV facility is required to be registered with the Energy Commission.



- (b) SEDA, a statutory body established to promote and administer the deployment of sustainable energy programmes, which requires registration of operators providing solar PV services under FiT and NEM programmes, as well as owners, investors and developers of solar PV facilities.
- (c) Construction Industry Development Board (CIDB), a government body to regulate, develop and facilitate the construction industry in Malaysia. Personnel involved in construction and related activities, including solar PV facility contractors, are required to hold a valid CIDB certificate of registration when undertaking construction works.

#### 9. OPERATORS IN THE INDUSTRY

- As of 1 September 2022, there were 142 CIDB registered contractors for solar PV facilities with a capacity exceeding 72kW. As of 1 September 2022, there were 209 SEDA registered solar PV service providers, which included companies involved in EPCC activities.
- Below are some of the public listed companies or their subsidiaries, and private companies that are registered with SEDA under the **Service Provider** category and are involved in the EPCC of solar PV projects with revenue exceeding RM15 million.

Financial Year Ended <sup>(1)</sup>	Revenue (RM million) <sup>(2)</sup>	Net Profit (RM million) <sup>(2)</sup>	Net Profit Margin (%)
subsidiaries, a	nd Sunview Gro	ùp	
Mar-22	175.8	7.4	4.2
Dec-21	115.0	4.5	3.9
Mar-22	99.3	8.9	9.0
Jun-21	53.4	5.9	11.0
Dec-21	25.9	1.0	3.9
	Will 1		#
Dec-21	376.4	-5.7	-1.5
Mar-21	112.2	17.8	15.9
Dec-21	65.6	0.9	1.4
Dec-20	61.7	2.5	4.1
	Year Ended (1) subsidiaries, a Mar-22 Dec-21 Mar-22 Jun-21 Dec-21 Dec-21 Mar-21 Dec-21	Year Ended (1) (RM million)(2) subsidiaries, and Sunview Gro  Mar-22 175.8  Dec-21 115.0  Mar-22 99.3  Jun-21 53.4  Dec-21 25.9  Dec-21 376.4  Mar-21 112.2  Dec-21 65.6	Year Ended (1) (RM million)(2)           subsidiaries, and Sunview Group           Mar-22         175.8         7.4           Dec-21         115.0         4.5           Mar-22         99.3         8.9           Jun-21         53.4         5.9           Dec-21         25.9         1.0           Dec-21         376.4         -5.7           Mar-21         112.2         17.8           Dec-21         65.6         0.9

#### Notes:

- Latest available from Companies Commission of Malaysia (CCM), prospectuses and Sunview Group.
- (2) Revenues and net profit were derived from EPCC of solar PV facilities as well as other business activities. However, the majority of the companies' revenues and net profit were from EPCC of solar PV facilities.
- (3) A public listed company on Bursa Securities in Malaysia where its subsidiaries, namely Atlantic Blue S/B, Solarvest Energy S/B, Powertrack S/B, and Solarvest Energy (SR) Sdn Bhd are registered with SEDA under the service provider category.
- (4) A public listed company on Bursa Securities in Malaysia where its subsidiary, namely Samaiden S/B is registered with SEDA under the service provider category.
- (5) A subsidiary of Pekat Group Berhad, a listed entity on Bursa Securities in Malaysia.
- (6) A subsidiary of OCK Group Berhad, a listed entity on Bursa Securities in Malaysia.



#### 10. MARKET SIZE AND SHARE

		2021	
Market size for		Sunview Group's revenue from EPCC,	
construction of solar PV facilities (a) (MW)		and construction and installation of solar PV facilities (b) (2) (RM million)	Value (%) (a) (3)
304	2,100	84	4

(Sources: (a) Vital Factor analysis; (b) Sunview Group. Notes: (1) Average cost of construction and installation of solar PV facilities excluding land cost = RM7.03/w (2) Revenue for Sunview Group for FYE 31 March 2022 which included RM75.2 million for EPCC of solar PV facilities and RM8.8 million for construction and installation of solar PV facilities, which were used as a proxy for the calendar year 2021. (3) ((2) divided by (1)) x 100%.

#### 11. INDUSTRY CONSIDERATION FACTORS

- The performance of the solar PV industry in Malaysia is driven by government initiatives and policies such as the introduction of various solar PV programmes, tax incentives, rural electrification programmes and policies to increase the use of renewable energy. In 2021, the Ministry of Energy and Natural Resources introduced the Energy Transition Plan 2021 2040 with a target to increase the share of renewable energy in the total installed capacity in Malaysia to 31% in 2025 and 40% in 2035. In 2021, renewable sources including large hydro accounted for approximately 23.0% of the power generation capacity mix in Malaysia. (Source: Energy Commission Malaysia)
- The renewable energy installed capacity in Peninsular Malaysia is projected to increase from 4,430 MW in 2021 to 10,944 MW by 2035. The plan for an energy transition towards renewable energy will mainly be driven by solar PV energy with the focus being Peninsular Malaysia. In addition, over 7,000 MW of coal plants are expected to be replaced with gas and renewable energy resources upon the expiration of their respective PPA by 2033.
- In 2020, the overall power industry was impacted by the COVID-19 pandemic in terms of
  electricity generation and consumption, which declined by 3.5% and 4.7% respectively. This
  was mainly due to the adverse impact on Malaysia's economy attributed to measures taken
  by the government to contain the spread of COVID-19. In 2021, the electricity generation
  and consumption increased by 1.2% and 1.7% respectively.
- In 2021, the real GDP of Malaysia's economy recovered to grow by 3.1% as compared to 2020, mainly attributed to the gradual reopening of economic sectors as well as strong exports and continued aid from the Government for households and businesses (Source: BNM). In H1 2022, the real GDP of Malaysia's economy grew by 6.9% compared to H1 2021. Similarly, the real GDP of the electricity and gas industry recovered to grow by 1.6% in 2021. In the H1 2022, the real GDP of this industry grew by 4.6% compared to H1 2021. Malaysia's economy is projected to grow within the range of 5.3% to 6.3% in 2022 underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and a further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support for economic activity and aggregate demand (Source: MoF). The recovery of Malaysia's economy will also be supported by eight economic stimulus packages provided by the Malaysian government with a total allocation of RM530 billion.
- The solar PV industry is affected by shortages of crystalline silicon, the raw material for the manufacture of solar cells. The shortage of crystalline silicon faced by the solar PV industry has resulted in increases in solar PV module prices as well as caused some delays in implementing solar PV projects. In this respect, a sustained shortage of crystalline silicon for the production of solar cells may impact on the solar PV industry in Malaysia.



- The components of a solar PV facility such as solar PV modules are mainly manufactured and imported from foreign countries and is subjected to the fluctuation of sea freight rate. The sea freight rates have been on an increasing trend since the second half of 2020 from US\$2,032/forty-foot equivalent unit (FEU) on 2 July 2020 to US\$10,377/FEU on 23 September 2021, and subsequently decreased to US\$6,224/FEU on 18 August 2022. The increase in sea freight rates was mainly due to the imbalance between demand and supply of containers resulting from the COVID-19 conditions in different economies as well as the imbalanced trade between China and the US where China exports more than it imports, thereby creating an insufficient supply of empty containers for China's export requirements. The increase in sea freight is likely to be reflected in the cost of solar PV modules.
- The solar PV industry relies on some imported equipment such as inverters and solar PV modules. Recently, global shipping has experienced increases in freight rates while some ports have been experiencing port congestion. These events have invariably increased the shipping costs as well as created delays for some of the imported materials and equipment, which may impact on the solar PV industry.
- According to the Budget 2022, a fund of RM485.0 million will be allocated for rural electrification which will benefit more than 2,100 rural households under the Rural Infrastructure initiative and another fund of RM34.3 million will be allocated for rural water and electricity supply under the Development Projects for Recovery initiative.
- In September 2021, the 12<sup>th</sup> Malaysia Plan was introduced and some of the plan for the renewable energy industry including the solar PV industry is as follow:
  - the renewable resources industry will be encouraged to venture into floating solar and waste-to-energy projects to meet the 31% renewable target of total installed capacity through the existing financing options including solar leasing programmes and PPA;
  - the rural electrification programme which involves grid connection, small hydro, solar hybrid and solar PV facilities will be continued to provide electricity to additional 28,000 houses towards achieving 99% target of coverage in the rural area;
  - a new mechanism for green energy will be explored to encourage consumers to buy energy directly from renewable energy generators to meet their environmental, social and governance (ESG) commitment;
  - the implementation of existing mechanisms which provide consumers with the option to purchase renewable energy without having to install their solar PV facilities or other renewable energy installations will also be further promoted. The mechanism was implemented under the MyGreen<sup>+</sup> programme which will be discontinued on 1 January 2022 and replaced with the Green Electricity Tariff (GET) programme. The GET programme enables consumers to customise the energy mix attributed to renewable resources to meet their ESG commitment. Consumers of the GET programme will receive the internationally recognised Malaysia Renewable Energy Certificate. Customers enrolled in the GET programme will be offered a premium GET rate of 3.7 sen/kWh for a portion of their electricity usage according to the quota they obtained, while the remainder of their electricity usage will be based on their normal gazetted tariff rate; and
  - the implementation of the Green City Action Plan in Sabah and Sarawak to build or install more renewable energy equipment such as solar PV equipment, energyefficient street lighting, low carbon buildings and integrated solid waste management.
- On 29 August 2022, the government approved the allocation and redistribution of 1,200 MW solar PV quota under existing mechanisms including NEDA, rooftop solar PV installation programmes, exploration of new renewable energy implementation methods and new options for the procurement of green electricity supply to corporate companies through Virtual Power Purchase Agreement starting in the fourth quarter of 2022 with a quota allocation of 600 MW.

#### 8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

#### 8.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

## 8.1.1 Our financial performance is dependent on our ability to continually secure new and sizeable projects to ensure the sustainability of our business

The nature of our business is mainly project based where our revenue is derived from the execution and completion of EPCC, and the construction and installation of solar PV facilities. Our projects are short to medium term where the typical contract period for our EPCC of rooftop solar PV facilities is within 12 months and EPCC of LSS PV plant projects will take up to 18 months, while the provision of subcontracting construction and installation services is completed within a period of up to 7 months. For FYE 2019, FYE 2020, FYE 2021 and FYE 2022, revenue from EPCC projects and subcontracted services accounted for 86.84% (RM4.91 million), 80.36% (RM21.19 million), 86.43% (RM37.45 million) and 84.58% (RM83.96 million) of our total revenue respectively.

In this respect, our financial performance is dependent on our ability to continually secure new projects as well as to complete the projects promptly. Solar PV projects are typically awarded based on competitive bidding or request for proposals. As such, we have to submit bids and proposals to compete against other service providers to continually secure new projects. There is a risk that we may not be able to secure sufficient new and sizeable projects to sustain our business which would materially affect our future financial performance.

As at the LPD, we have a total unbilled order book of RM558.34 million including 7 EPCC for LSS PV plant projects, details of which is set out in Section 11.3.13 of this Prospectus. Although as at the LPD we have an order book that can sustain our business until the FYE 2024, there is no assurance that we will be able to continually secure new projects to sustain and grow our revenue and profitability. In the event we are unable to do so, this may materially affect our business growth and future financial performance.

## 8.1.2 We face inherent risk as an asset owner to generate and supply solar power due to the requirements to make upfront capital investments and the long breakeven period for these investments

For the Financial Years Under Review and up to the LPD, we own a total of 18 solar PV facilities with a collective installed capacity of 7.74 MWp. In addition, we plan to construct 2 new solar PV facilities by 2022. Revenue contribution from solar power generation and supply started in the FYE 2021 which accounted for less than 1% of our total revenue. In FYE 2022, revenue contribution from solar power generation and supply accounted for 3.52% (RM3.50 million) of our total revenue for FYE 2022.

Our asset ownership business model is based on funding the capital cost of construction or acquisition of completed solar PV facilities, and bearing the expenses of operating and maintaining the solar PV facilities, while we are paid based on solar power generated for the duration of the PPA. As at 31 March 2022, the total investment cost of our solar PV facilities was RM41.00 million including solar PV facilities that were being constructed by us or acquired. Our solar PV facilities were funded by a combination of internally generated funds and borrowings.

#### 8. RISK FACTORS (CONT'D)

Moving forward, we will continue to expand this business segment when opportunities arise through the BOOT, BOO and/or AOO arrangements to enlarge our recurrent revenue stream.

In this respect, we face inherent risks in our asset ownership for solar power generation and supply business model including, among others, the following:

- We may face adverse events during the 21-year or 25-year duration of the PPA which may result in our inability to recover our cost of investment or we cannot be assured of our revenue stream for the full duration of the contract. In addition, our breakeven period for the solar power generation and supply business segment is typically 10 years for those that are under the BOOT/BOO arrangement, and between 5 and 12 years for solar PV facilities that were acquired from third party;
- We may need to rely on borrowings to fund our capital costs and this may result in increasing our gearing and interest payments which may affect our cashflow;
- We may face low returns due to the low performance of our solar PV facilities arising from factors outside our control such as shading from newly constructed buildings or structures, and prolonged periods of haze and unfavourable weather conditions;
- We may face changes in building ownership where the new owner may not want to continue with the PPA or solar contract:
- The business operations in the premises may suffer operational and financial difficulties, thus
  we may face delays in payments or no payments;
- The building owner or the business operator may face bankruptcy or insolvency, which may affect the payments for solar power generated and supplied;
- Force majeure events or incidents such as, among others, earthquakes, fires and floods may damage and render our facility not operational for extended periods which will affect our ability to generate solar power;
- We may need to compensate the user if we are unable to achieve the performance levels based on the guaranteed performance ratio stipulated in the contract;
- Our solar power generation and supply business may be affected if there is an early termination
  of tenancy of the premises as our solar PV facilities are all installed on third-party rooftops based
  on long term tenancy arrangements;
- We may need to replace parts or the entire solar PV facility arising from force majeure events or other incidents, which may incur a capital cost of repairs or replacements resulting in periods where no solar power is generated.

If one or any combination of the above eventuates during the tenure of our PPA including REPPA, private PPA and SARE, our business operations and financial performance may be adversely affected. Although we undertake due diligence on the potential building owners or customers and assess the external conditions before we sign them on, there is no assurance that any of these unforeseen events will not occur. While we may have insurance to cover some of these events, we cannot assure that our insurance is adequate to cover all the potential losses or inherent risks in our asset owner business segment.

#### 8. RISK FACTORS (CONT'D)

## 8.1.3 Our business and financial performance may be affected if there are delays or cancellations of our projects

We have to adhere to certain agreed milestones that are stipulated in the contracts for our EPCC and subcontracted projects. Although we may monitor and manage our projects closely to adhere to our project execution schedule, there is a risk that we may not be able to complete our project in time. In the event of any delays in the completion of our projects, we will be liable for claims and/or penalties from customers on LAD comprising delay LAD, abandonment LAD and performance LAD, which may adversely affect our financial performance and reputation.

An example of an abandonment LAD for a subsisting contract where a project is abandoned prior to COD and during the first year of the operation and maintenance period that is attributable to us as the EPCC contractor for a LSS project, we shall pay the owner a predetermined amount and the total contract value collectively amounting to RM214.18 million. Similarly, certain rooftop solar PV projects are also subject to abandonment LAD damages where the compensation is up to 10% of the total contract value.

Furthermore, if we are unable to complete our solar PV projects, this would also adversely impact our reputation and our ability to receive the full payment for the project. The timely completion of a project is dependent on various factors including delays in the delivery of equipment and parts, workplace hazards and accidents, weather conditions and outbreaks of major epidemics or pandemics that may interrupt our on-site operations. Any project delays may also lead to cost overrun which would further affect our financial performance. We would usually seek an extension of time from the customer if we are unable to meet the expected timing of completion. As any extension of time is still subject to the approval of the customer, there is no assurance that we would not experience any claims for LAD or penalties on delays in the completion of projects or cancellation of our contract in the future. As at the LPD, we have received approval for EOT for 4 out of 8 of our projects which requires an EOT while the remaining 4 are still pending approval from the customers. In the event the request for EOT is rejected by our customers, we may be subject to potential LAD claims based on the terms stipulated in the contracts. As at the LPD, our maximum exposure with regards to the LAD is RM1.99 million. For the Financial Years Under Review and up to the LPD, we have not experienced any claims for LAD, or penalties on delays and project cancellations.

# 8.1.4 We face the risk of cost overruns for our EPCC of solar PV facility projects as they are based on a fixed lump sum contract which may take less than 12 months and up to 18 months to complete

Our EPCC of solar PV projects are based on a fixed lump sum contract. In the event of unanticipated cost increases during project implementation and execution where we are unable to pass the cost increases to our customers, this would adversely affect our financial performance. Some of these unanticipated cost overruns, among others, may include the following:

- increases in prices of building materials such as steel and copper products which are influenced by global commodity prices and subjected to fluctuations;
- increases in the prices of solar PV modules and balance of system equipment; and
- increases in the cost of subcontracted services during periods where there is a shortage of workers.

Unanticipated cost increase arises due to the requirement to estimate the project cost for submission in tenders and proposals where the awarding of the tenders or contracts may be several months later, and the duration of some projects may take up to 18 months to complete.

While we are experienced in estimating costs for the submission of tenders or proposals, there is no assurance that we may not face any unanticipated cost increases which may adversely affect our financial performance.

#### 8.1.5 We are dependent on our subcontractors to perform certain works for our solar PV projects

We engage subcontractors to perform works such as earthworks, site clearance and preparations, piling, construction of mounting structures, physical installation of solar PV modules and balance of systems, and electrical, communications and integration work to connect all equipment and components. Subcontractor costs accounted for 11.95% (RM0.47 million), 33.00% (RM6.41 million), 45.38% (RM13.26 million) and 19.23% (RM14.14 million) of our total purchases of materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

In this respect, we are subject to the risks associated with non-performance, late performance or poor performance by our subcontractors. While we may attempt to seek compensation from the relevant subcontractors, we may, from time to time, be required to compensate our clients before receiving the said compensation from the relevant subcontractors. In the event we are unable to seek compensation from the relevant subcontractors or the amount of the claims cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims, which may in turn adversely affect our profitability and financial performance. Furthermore, if our subcontractors' performance is not up to the expectations of our customers, our reputation may also be adversely affected.

For the Financial Years Under Review and up to the LPD, we have not experienced any material claims from customers relating to the work completed by our subcontractors. Nevertheless, there is no assurance that we would not experience any claims from customers relating to the poor, late or non-performance of our subcontractors in the future.

## 8.1.6 We may not have adequate insurance to cover liabilities for claims or losses due to unfavourable natural or otherwise events or incidences

We maintain a certain level of insurance that apply to our business operations including solar PV projects and our solar PV facilities to protect us against losses and liabilities. We have insurance policies for, among others, contractors' all risks and workmen's compensation for each of our on-going projects. In addition, we have insurance to cover our solar PV facilities for our solar power generation and supply business. If these insurance policies do not sufficiently cover all the risks that are associated with our business operations and/or any losses or damages in excess of our sum insured limits or in the areas that are not covered at all under the insurance policies, this could adversely affect our business operations and financial performance.

The contractors' all risks and workmen's compensation insurance policies are dependent upon our contract requirements. As at the LPD, the total sum insured is RM89.14 million. Although we have insurance coverage for various aspects of our business, there is no assurance that our insurance is adequate to cover all potential losses, damages or liabilities that we may suffer in the course of our business operations.

## 8.1.7 Our business has been, continues to be and in the future may be affected by outbreaks of epidemics and pandemics such as those of COVID-19

The outbreak of COVID-19 or any epidemics or pandemics may potentially affect our business operations. Between March 2020 and up to the LPD, there were several MCO measures implemented including full and partial lockdown containment measures and restrictions imposed.

Generally, our business was impacted due to containment measures during the MCO period between 18 March 2020 and 4 May 2020 as well as various phases of the NRP which commenced on 1 June 2021, where our project worksite operations were suspended or were operating at below full capacity. The interruptions in business operations had an impact on our project execution and implementation as well as our billing schedules for our EPCC and subcontracting solar PV projects.

#### Impact on our business operations and financial performance for the FYE 2021

Our business operations including EPCC and subcontracting construction and installation works were affected due to the containment measures imposed by the Government during the MCO period in 2020 between 18 March 2020 and 4 May 2020. During the MCO periods, our business operations had been temporarily suspended for 55 days from 18 March 2020 to 11 May 2020 and resumed partial operations from 12 May 2020 onwards. Our management and administrative staff worked from home. Please refer to Section 6.3.11 of this Prospectus for further details on our operating environment and conditions.

As a result of the restrictions imposed by the Government during the MCO period, this had adversely affected our business operations and revenue in the first quarter of FYE 2021 as summarised in the table below:

	Quarter 4 FYE 2020	Quarter 1 FYE 2021	Quarter 2 FYE 2021	Quarter 3 FYE 2021	Quarter 4 FYE 2021
	(Jan 2020 –	(Apr 2020 –	(Jul 2020 –	(Oct 2020 –	(Jan 2021 –
	Mar 2020)	Jun 2020)	Sep 2020)	Dec 2020)	Mar 2021)
Revenue (RM'000)	12,607	5,788	11,230	9,760	16,551
Quarter-on-quarter change (%)		-54.09	94.02	-13.09	69.58

For the first quarter of FYE 2021, our revenue declined by 54.09% to RM5.79 million compared to RM12.61 million in the fourth quarter of FYE 2020 mainly due to the temporary suspension of EPCC and subcontracting works at the project sites due to containment measures during the MCO period between March 2020 and May 2020. Upon resumption of business operations since 12 May 2020, we increased our project onsite activities from the second quarter of FYE 2021 to make up for the lost time in the first quarter of FYE 2021, as reflected in the improvement in revenue by 94.02% in the second quarter of FYE 2021 compared to the first quarter of FYE 2021. Despite the business interruptions during the MCO period in 2020, our overall financial performance for FYE 2021 was not materially affected as our revenue increased by 64.28% to RM43.33 million for FYE 2021.

#### Impact on our business operations and financial performance for the FYE 2022

During the initial period of the NRP including the FMCO which started on 1 June 2021, our business operations were affected as our onsite operations were temporarily suspended and our management and administrative staff continued to work from home between June 2021 and July 2021. As a result of the restrictions imposed by the Government during the FMCO and Phase 1 NRP period, this could have an impact on our financial performance for the first half of FYE 2022.

Subsequently we resurned our onsite operations from mid-July 2021 onwards. In addition, we have notified our customers about disruptions and constraints resulting from the FMCO and Phase 1 NRP period and we have sought EOT for our projects. As at the LPD, we have sought extension of time from our customers for those projects that have been delayed by the work stoppages and slowdown during the FMCO and Phase 1 NRP period. In the event of failure to obtain the EOT from customers, we may be subjected to potential LAD claims including delay LAD and abandonment LAD based on the terms of the contract. Please refer to Section 6.3.11(iv)(b) of this Prospectus for further details on material business interruptions arising from the COVID-19 pandemic.

Nevertheless, we continue to have some billings based on work done for our solar PV facilities projects before Phase 1 of NRP as well as recurrent billings from solar power generation and supply. Due to the suspension of onsite projects during the NRP period including FMCO, this has affected our monthly revenue between June and July 2021 for the FYE 31 March 2022. Subsequently, our revenue performance improved progressively from the month of August 2021 onwards since the resumption of our operations in mid-July 2021.

Notwithstanding the above, in the event of a prolonged COVID-19 pandemic or other epidemics or pandemics in the future, our business operation and financial performance would be materially affected.

## 8.1.8 Our growth prospects may be limited if we are unable to effectively execute some of our business strategies and plans effectively

Our business strategies and plans are focused on leveraging our key strengths and capitalising on our core competencies in the provision of solar PV services. Part of our strategies is to expand our solar PV business in providing solar PV services as well as being an asset owner to provide solar power to consumers, expand into other RE facilities and complementary products, market expansion as well as purchase of operational equipment. For further details on our strategies and plans, please refer to Section 6.10 of the Prospectus.

The prospects and future growth of our business are dependent on our ability to implement and execute our strategies and plans effectively and promptly. There is a risk that we may not be able to achieve the timing and objectives of our business strategies and plans due to factors including, among others, the inability to secure sufficient funding and/or bank borrowings, limitations in human resources or experience, regulatory changes, and delays due to containment measures to combat the COVID-19 pandemic or other epidemics or pandemics.

We cannot provide any assurance that any of our business strategies and plans will be commercially successful or that we will be able to anticipate and mitigate the business and operational risks associated with our strategies and plans. In the event of any delays or failure in executing our business strategies or plans effectively, our future business growth or financial prospects may be adversely affected.

# 8.1.9 We are subject to the risk of claims against facility and equipment defect for our EPCC of solar PV facilities, and systems warranty and performance ratio guarantee for our solar power generation and supply business

For our EPCC of solar PV facilities, we provide several warranties including common equipment warranty offered by the equipment manufacturers which are typically as follows:

- solar PV modules free from defects for 10 to 12 years:
  - 90% of the specified minimum output for 10 years;
  - 80% of the specified minimum output for 25 years.
- inverters warranty free from defects for 5 years;
- warranty in material and workmanship for a period ranging between 2 years and 10 years;
- others include support structure warranty for 10 years and electrical board and protection warranty for 2 years.

For solar power generation and supply, we provide a power guarantee based on the guaranteed performance ratio guarantee during the term of the PPA as stipulated in the contract.

While we have back-to-back arrangements with equipment manufacturers to replace faulty equipment at no cost to us, we would be required to bear the costs of physically replacing the affected equipment.

For the Financial Years Under Review and up to the LPD, we have not experienced any warranty claims on our EPCC of solar PV facilities and solar power generation and supply. Nevertheless, there is no assurance that we will not experience any warranty or defect liability claims in the future.

For our solar power supply contract, if we are unable to promptly rectify the problems that cause our solar PV facility to generate solar power below the stipulated performance ratio, our customers may make material claims that may adversely affect our financial performance.

The circumstances that may lead to our solar PV facilities failing to meet the minimum performance ratio may include, among others, new buildings or structures that cast shadows over our solar PV facilities, accumulation of dust or debris on the solar PV modules, prolonged occurrence of haze, unusually long periods of high rainfall or cloud cover or other weather conditions, excessive performance degradation or malfunction of some of the solar PV modules, and malfunction of inverters.

For the Financial Years under Review and up to the LPD, our solar PV facilities have been meeting the minimum performance ratio guarantees and consequently, there have not been any claims for compensation and/or reimbursement provided to customers for such shortfalls. However, there can be no assurance that the minimum solar power generation will continue to be met in the future.

If we fail to meet the minimum performance ratio, there is no assurance that our insurance may be adequate to cover all the potential losses or claims from our customers.

## 8.1.10 Our business operations are dependent on our executive officers and key senior management

Our business operations are dependent on the experience, knowledge and skills of our Executive Directors and key management for our solar PV business. Our CEO, Ong Hang Ping is responsible for overall strategic direction and business strategies who has approximately 12 years of experience in the RE sector. He is supported by our COO, Chow Kian Hung who is responsible for implementation of the strategies and day-to-day operations of the Group's business as well as our CPDO, Khoo Kah Kheng. Both of the COO and CPDO have approximately 9 years of experience in the RE sector respectively. They are supported by our key senior management team.

Our key senior management namely Ooi Yoong Shan (our CFO) brings with her an approximately 7 years of experience in accounting and finance matters. The loss of services from any of our executive officers or key senior management without any suitable and timely replacement may adversely affect our business operations and financial performance. The profiles of our executive officers and key senior management team are set out in Sections 5.1.2, 5.2.2 and 5.2.8 of this Prospectus.

There is no assurance that we would be able to retain our Executive Directors or our existing key management team or ensure a smooth transition should there be any material changes in management in the future.

## 8.1.11 Our business depends on the retention and procurement of certain registration, licences, permits and approvals

As a provider of solar PV services as well as for our asset ownership to generate and supply solar power from our solar PV facilities, we are required to obtain and hold valid registrations, licences, permits and approvals with authorities such as CIDB, SEDA, Energy Commission and TNB. Please refer to Appendix C of this Prospectus for further details of the required registrations, licences and permits.

We must comply with any regulations, terms and conditions imposed by the relevant authorities to retain such approvals, permits and licenses. Failure to comply with the regulations, terms and conditions may result in the suspension or cancellation or non-renewal of our approvals, permits and licences. The failure to keep or renew promptly the requisite approvals, permits and licences could result in suspension or restrictions in our business operations including our ability to participate in tenders for EPCC and related contracts for solar PV works, unable to carry out construction works, participate in the solar PV industry, or own solar PV facilities to generate and supply solar power, which would adversely affect our business and financial performance.

There were previous non-compliances by our subsidiaries as set out below:

#### (a) Fabulous Sunview

Fabulous Sunview experienced late renewals of CIDB licence in 2015, 2019, 2020 and 2021. The reason for late renewal was mainly due to inadequate staffing during the respective material times particularly in the human resource and administrative department which is responsible for the renewals of licenses. In addition, there was no proper system / method for the company to track the expiry of each license held. Pursuant to the above late renewal of CIDB licenses, renewal of TNB licenses as work contractor were also prolonged as it is a pre-requisite to have a valid CIDB licence for the renewal of TNB licence. Subsequently, TNB approved the licence renewal. The potential maximum penalty for the said non-compliances range from RM10,000 up to RM100,000. Based on the maximum penalty of RM100,000, the potential financial impact is approximately 1.73% of our PAT for the FYE 2021.

Subsequently, we have created a master list which sets out the details of all our licences, and we hired more staff including a dedicated officer to ensure renewal of these licences.

#### (b) Solare Truss

Solare Truss is involved in the solar PV construction and installation services, and supply of solar PV equipment. Since its commencement, Solare Truss has been providing subcontracted works for mechanical and electrical works of rooftop solar PV facilities which requires CIDB licence.

However, Solare Truss did not apply for the CIDB licence as Fabulous Sunview, which is the holding company of Solare Truss, has the requisite CIDB licence. As such, Solare Truss did not apply for a separate CIDB licence. The potential maximum penalty for the said non-compliances range from RM10,000 up to RM100,000. Based on the maximum penalty of RM100,000, the potential financial impact is approximately 1.73% of our PAT for the FYE 2021.

Solare Truss has completed all its on-going subcontracting works in December 2021. Moving forward, Solare Truss will not undertake any subcontracting works and all the subcontracting works will be undertaken directly by Fabulous Sunview.

## 8.1.12 We are exposed to liquidity risk and interest rate risk that may result in financial distress if we fail to meet our financial and performance obligations

We are exposed to liquidity and interest risk arises principally from our borrowings. Our gearing ratio increased from 0.66 times as at 31 March 2020 to 4.19 times as at 31 March 2021 and reduced to 0.97 times as at 31 March 2022. As at 31 March 2021, our total borrowings were RM46.84 million which was mainly contributed by outstanding term loans of RM25.56 million due to higher utilisation of term loans for our solar PV facilities, as well as the RCPS of RM16.31 million. On 15 December 2020, we issued RCPS of RM16.00 million with compounding interest of 12% per annum. As at 31 March 2022, the decrease in the gearing ratio was mainly attributed to the increase in share capital pursuant to the Pre-IPO Fund Raising as well as the RCPS Redemption and issuance of ICPS during the FYE 2022. Please refer to Section 11 of this Prospectus for further details on our borrowings and Note 15 (c) under Section 12 of this Prospectus for further details on the issuance of RCPS. As at 31 March 2022, our Group's total borrowings was RM52.87 million, of which all were interest bearing, comprising RM43.77 million loan based on floating interest rates and the remaining RM9.10 million loan based on fixed rates. Our finance cost increased from RM0.23 million for the FYE 2020 to RM0.79 million for the FYE 2021 and RM2.54 million for the FYE 2022. In this respect, any increase in interest rates may impact our financial performance.

As at the LPD, we have 7 on-going EPCC projects of LSS solar PV facilities of which 6 projects are under the LSS programme and 1 project is under the NEDA programme which will be funded through internally generated funds and bank borrowings. In this respect, this may increase our gearing ratio in the future as and when the borrowings are drawndown. Please refer to Section 11.5 of this Prospectus for further details of the pro forma combined statements of financial positions of the Group.

If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in a financial distress condition which will affect our operations and financial performance. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either the principal and/or interests in relation to our borrowings.

In addition, as an EPCC contractor, we are typically required to provide performance security to project owners. As at the LPD, we have bank guarantees amounting to RM60.62 million comprising mainly project financing as bank guarantees for performance bonds, defect liability bonds, tender bid bond as well as an advance payment bond for our EPCC projects. Please refer to Section 11.3.11 (vii) of this Prospectus for further details on our material contingent liabilities. In the event that we fail to meet the performance obligations pursuant to the performance security stipulated in the contract, this will adversely affect our business, results of operations, liquidity and financial condition.

For FYE 2022, we recorded a negative operating cash flow of RM27.71 million which was mainly attributed to increase in contract assets by RM41.59 million in FYE 2022 arising from cost incurred due to services performed but pending billing to customers. Please refer to Section 11.3.11 (ii) of this Prospectus for further details on net cash used in operating activities for the FYE 2022. There is no assurance that we would not experience any adverse liquidity conditions which may materially affect our result of operations and financial performance.

#### 8.1.13 We may not be able to bill and receive full amount of contract assets for our contract works

Our Group's contract assets represent the amount of works performed by us but have not reached the stage or milestone at which we are entitled to bill our customers for such completed works. There is normally a timing difference between the completion of contract works, the payment application by us and the issue of payment certificates by our customers, the subsequent issue of the invoice by us and the payment for such completed works by our customers. The typical timing from the completion of contract works to the receipt of payment for such completed works by our customers are 30 days, however it varies from case to case.

We recognise revenue based on the contract value of our work performed and progress billings issued by our customers. After commencement of a project and subject to the terms of the contract, we would submit progress reports to our customers according to the volume of work that we have performed. Subject to the certification of work by the relevant professionals appointed by our customers, we would be entitled to request for progress payments that are usually measured by reference to a prescribed percentage of the certified volume of work completed. Our Group recorded contract assets of approximately RM0.38 million, RM3.85 million, RM4.94 million and RM46.52 million as at 31 March 2019, 2020, 2021 and 2022, respectively.

Contract assets may vary from period to period. There is generally a timing difference between each stage or milestone for the works completed and the timing of works certified by our customers. There is no assurance that we will be able to bill and receive the full amount of contract assets as we may not be able to reach an agreement with our customers on the value of work conducted or our customers may fail to release the retention money in a timely manner. If we are unable to do so, our results of operations, liquidity and financial position may be materially and adversely affected. For the Financial Years Under Review and up to the LPD, our Group has not written off any bad debt on our trade receivables other than impairment loss on our trade receivables.

#### 8.1.14 We are exposed to goodwill impairment risk that may materially affect our financial position

We recognise the goodwill arising from the acquisitions of Vafe System and Suntech Energy as set out in Section 4.1.1 (b) and 4.1.1 (c) of RM17.26 million, based on the fair value of the assets and liabilities acquired as at the relevant completion dates. Any subsequent fair value adjustments allocated to the identifiable assets acquired and liabilities assumed as well as the effects of the amortisation of intangible assets, if any, arising from the acquisitions of Vafe System and Suntech Energy may materially affect our financial position.

Additionally, any impairment on the carrying amount of the intangible assets (such as goodwill arising from the acquisitions of Vafe System and Suntech Energy) as a result of impairment tests may also materially affect our financial position. Nevertheless, we will continuously monitor the performance and cash flow of Vafe System and Suntech Energy to ensure that the goodwill is supported by the cash flow of the relevant cash generating units at all times.

#### 8.2 RISKS RELATING TO OUR INDUSTRY

#### 8.2.1 Demand for new power generation assets may be reduced due to high reserve margin

Reserve margin is the difference between the available power generation capacity and peak demand. In 2020, (being the latest available statistics), the electricity reserve margin in Malaysia was 32.0%, higher than the optimum level of reserve margin of 30.0%. (Source: Industry Overview)

A high reserve margin may reduce the urgency to develop additional power generating facilities due to excess power generation capacity. In 2018, four of the newly awarded independent power producer contracts with a combined total capacity of 2,800 MW were terminated (Source: Industry Overview). As a result, there can be no assurance that demand will continue to be sustained in the development of new power generation assets in Malaysia, including solar PV facilities.

#### 8.2.2 The solar PV industry is subject to its inherent risks

Our business is subject to risks inherent in the solar PV industry. These risks include, among others, changes in government policies and regulations relating to power generation, transmission and distribution (including liberalisation of retail sale of power to consumers and peer-to-peer power trading), financial and other incentives provided to encourage new solar PV facilities, and decreases in electricity tariffs. Some of these changes may reduce the attractiveness of investing in new solar PV facilities, which may adversely affect service providers for EPCC and related construction and installation works for new solar PV facilities.

As such, there can be no assurance that our business and financial performance will not be adversely affected by risks inherent in the solar PV industry.

## 8.2.3 Technological developments in power generation may result in other more cost-efficient renewable and environmentally friendly generation methods

Other power generation methods that are renewable and environmentally friendly include using other primary energy sources, such as biomass, biogas, wind, waves, currents, water flow, solar thermal and geothermal energy. In Malaysia, solar PV facilities are currently a popular method of generating renewable and environmentally friendly power. However, there is a risk that technological developments in other primary energy sources may result in them becoming more cost-efficient compared to solar PV. This may result in these methods displacing solar PV facilities as the preferred method of generating renewable and environmentally friendly power, and consequently, this would adversely affect our business operations, financial performance and prospects.

#### 8.2.4 Disruption in the supply chain including shipping and shortages of semiconductors

The solar PV industry relies on some imported equipment such as inverters and solar PV modules. Recently, the global shipping has experienced increases in freight rates while some ports have been experiencing port congestion. These events have invariably increased the shipping costs as well as created delays for some of the imported materials and equipment, which may impact on the solar PV industry.

Sea freight rates have been on an increasing trend since the second half of 2020 from US\$2,032/forty-foot equivalent unit ("FEU") on 2 July 2020 to US\$10,377/FEU on 23 September 2021, and subsequently decreased to US\$6,224/FEU on 18 August 2022. The increase in sea freight rates was mainly due to the imbalance in demand and supply of containers resulting from the COVID-19 conditions in different economies as well as the imbalance in trade between China and the US where China exports more than it imports, thereby creating an insufficient supply of empty containers for China's export requirements. (Source: Industry Overview)

Solar PV modules are made up of crystalline silicon, which is also used in manufacturing of semiconductors such as integrated circuits used in many electronic parts and products. As such the solar PV industry competes for the same raw materials as those in the semiconductor and electronics and electronics industries which is also facing a shortage of semiconductor affecting the automobile industry as well as other electronic products.

In this respect, a sustained shortage of crystalline silicon may affect the production of solar cells which may cause a temporary shortage of solar PV modules. This may in turn delay and/or increase the cost of construction of solar PV facilities.

#### 8.2.5 We are subject to risks related to political, social and economic events in Malaysia

Our business is subject to prevailing political, social and economic conditions in Malaysia. Any adverse developments in the above conditions may harm our financial position and business prospects. The risks include, among others, changes in political leadership, economic downturn, risk of war or civil disturbances, declaration of a state of emergency, changes in Government policies, introduction of new regulations, import and export restrictions, duties and tariffs, changes in foreign exchange policies, changes in interest rates and changes in taxation methods and rates.

Furthermore, such events occurring in other countries could have a material adverse effect on Malaysia, either directly or indirectly. The occurrence of these events in Malaysia and other countries could adversely affect business sentiments and consumer confidence, leading to reduced business and consumer spending and investment. This, in turn, may cause our existing and prospective customers to delay, reduce, or abandon their plans to engage our services. As such, there can be no assurance that political, social and economic events in Malaysia and other countries, which are beyond our control, would not materially affect our business operations and financial performance.

#### 8.3 RISKS RELATING TO OUR SHARES

#### 8.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

#### 8.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) material variations in our financial results and operations;
- success or failure of our management in implementing future plans, and business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting our industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors:
- changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities or other stock exchanges;
- (vi) additions or departures of key personnel;
- (vii) fluctuations in stock market prices and volumes; or
- (viii) involvement in claims, litigation, arbitration or other form of dispute resolution.

#### 8.3.3 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) the revocation of approvals from the relevant authorities for the Listing and / or admission for whatever reason; or
- (iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the allotment and issuance of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the allotment and issuance of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
  - (aa) the sanction of our shareholders by special resolution in a general meeting, supported by consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
  - (bb) the sanction of our shareholders by special resolution in a general meeting, supported by a solvency statement from our Directors.

#### 8.3.4 There is no assurance of payment of dividends

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Company is an investment holding company and we conduct substantially all of our operations through our subsidiaries. Our Company derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay future dividends is largely dependent on the financial performance of our subsidiaries. Further, in view that our Group intends to embark on future plans as disclosed in Section 6.10 of this Prospectus, our ability to pay dividends may be limited. In addition, our ability to pay dividends could also be affected by our requirement to conserve cash to address uncertainties regarding any political, social, economic and regulatory conditions, for instance the prolonged COVID-19 pandemic.

Please refer to Section 11.4 of this Prospectus for further information on our dividend policy.

#### 9. RELATED PARTY TRANSACTIONS

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 involving 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 person who is or was a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

#### 9.1 RELATED PARTY TRANSACTIONS

#### 9.1.1 Material related party transactions entered into by our Group

Save for the Acquisition of Fabulous Sunview pursuant to our internal reorganisation for the Listing (details of which are as set out in Section 4.1.2 of this Prospectus), our Group has not entered into any related party transactions for the Financial Years Under Review and for the subsequent financial period up to the LPD.

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. In the event there are any proposed related party transactions that require prior approval of our shareholders, 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 their overall materiality if the transactions occur within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon Listing, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

#### 9.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Our Directors have confirmed that there are no related party transactions that are unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

#### 9.3 OUTSTANDING LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Our Directors have confirmed that there are no outstanding loans and / or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the Financial Years Under Review and up to the LPD.

#### 9.4 LOANS AND / OR FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

The following table sets out the loans (including guarantees of any kind) and/or financial assistance from related parties to us for the Financial Years Under Review and up to the LPD:

			Outstanding amount				
			As at 31 March				As at the
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
1.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview	in favour of Small Medium Enterprise	770	782	-	834	851
2.	Hang Ping and Chow Kian	in favour of United Overseas Bank	779	541	944	467	123

			***************************************	Outs	standing amou	ınt	
l			As at 31 March				As at the
No.	Transacting parties and nature of relationship			2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
3.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Public Bank Berhad for a hire purchase facility of RM0.08 million granted to Fabulous Sunview.	67	51	43	26	17
4.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview	Ong Hang Ping and Chow Kian Hung had given joint and several guarantees in favour of ORIX Credit Malaysia Sdn. Bhd. for a hire purchase facility of RM0.10 million granted to Fabulous Sunview.	100	50	-	-	-
5.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Hong Leong Bank Berhad for a hire purchase facility of RM0.05 million granted to Fabulous Sunview.	-	42	39	29	24
6.	Fabulous Sunview and Chow Kian Hung who was the director and substantial shareholder of Fabulous Sunview	guarantee in favour of BMW Credit	-	93	65	39	30

				Outsta	anding amoun	t	
			As at 31 March				As at the
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
7.	Fabulous Sunview, Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview and Chai Jeun Sian, a previous director of Fabulous Sunview	Ong Hang Ping and Chai Jeun Sian, a previous director of Fabulous Sunview had given joint and several guarantees in favour of United Overseas Bank (Malaysia) Bhd. for a loan facility of RM0.45 million granted to Fabulous Sunview.	89	-	-	-	-
8.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview, and Chai Jeun Sian, a previous director of Fabulous Sunview	Fabulous Sunview had given joint and	1,088	914	858	644	559
9.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview and Chai Jeun Sian, a previous director of Fabulous Sunview	Chai Jeun Sian, a previous director of Fabulous Sunview had given joint and	1,055	1,021	999	2,510	2,496

				Outs	standing amou	ınt	
				As at 31 March			
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	As at the LPD RM'000
10.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview	Ong Hang Ping and Chow Kian Hung had given joint and several guarantees in favour of AmBank (M) Berhad for an overdraft facility of RM1.00 million granted to Fabulous Sunview.	-	-	507	959	859
11.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview	Ong Hang Ping and Chow Kian Hung had given joint and several guarantees in favour of AmBank (M) Berhad for a term loan facility of RM1.00 million granted to Fabulous Sunview.	-	-	973	786	706
12.	Fabulous Sunview and the following persons:  - Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview; - Khoo Kah Kheng who was a director and shareholder of Suntech Energy; and - Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Ong Hang Ping, Chow Kian Hung, Khoo Kah Kheng and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given joint and several guarantees in favour of AIS for a term loan facility of RM12.00 million granted to Fabulous Sunview.	-	-	-	12,000	12,000

				Outs	tanding amou	nt	
				As at 31	March		As at the
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
13.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Hong Leong Bank Berhad for hire purchase facilities with a total amount of RM0.25 million granted to Fabulous Sunview.	-	-	-	239	223
14.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Hong Leong Bank Berhad for hire purchase facilities with a total amount of RM0.13 million granted to Fabulous Sunview.	-	-	-	122	112
15.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Hong Leong Bank Berhad for hire purchase facilities with a total amount of RM0.11 million granted to Fabulous Sunview.	-	-	-	107	100
16.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Hong Leong Bank Berhad for hire purchase facilities with a total amount of RM0.30 million granted to Fabulous Sunview.	-	-	-	-	286
17.	Fabulous Sunview and Ong Hang Ping who was the director and substantial shareholder of Fabulous Sunview	Ong Hang Ping had given personal guarantee in favour of Hong Leong Bank Berhad for hire purchase facilities with a total amount of RM0.35 million granted to Fabulous Sunview.	-	-	-	-	333

				Outs	tanding amou	nt	
				As at 31	March		As at the
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
18.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were the directors and substantial shareholders of Fabulous Sunview	Ong Hang Ping and Chow Kian Hung had given personal guarantee in favour of AmBank Islamic Berhad for general trade line and contract financing facilities with a total amount of RM82.50 million granted to Fabulous Sunview.	-	-	-	-	66,802
19.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were the directors and substantial shareholders of Fabulous Sunview	had given personal guarantee in favour	-	-	-	-	975
20.	Fabulous Sunview, Ong Hang Ping and Chow Kian Hung who were the directors and substantial shareholders of Fabulous Sunview		-	-	-	-	23,632

				Outst	anding amour	nt	
			As at 31 March				As at the
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
21.	Solarcity REIT and the following persons:  - Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview; - Khoo Kah Kheng who was a director and shareholder of Suntech Energy; and - Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Ong Hang Ping, Chow Kian Hung, Khoo Kah Kheng and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given joint and several guarantees in favour of AIS for Commodity Murabahah Term Financing-i facility of RM5.80 million granted to Solarcity REIT.	-	-	5,662	5,270	5,102

			***************************************	Outs	standing amou	ınt	
				As at 31	March		As at the
No.	Transacting parties and nature of relationship			2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
22.	Solarcity REIT and the following persons:  - Ong Hang Ping and Chow Kian Hung who were directors and substantial shareholders of Fabulous Sunview; - Khoo Kah Kheng who was a director and shareholder of Suntech Energy; and - Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Ong Hang Ping, Chow Kian Hung, Khoo Kah Kheng and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given joint and several guarantees in favour of Alliance Bank Malaysia Berhad for term loan facilities of RM5.56 million granted to Solarcity REIT.	-	-	-	5,318	5,113
23.	Suntech Energy, Khoo Kah Kheng who was the director and shareholder of Suntech Energy and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Khoo Kah Kheng and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given joint and several guarantees in favour of AmBank Islamic Berhad for a Murabahah Tawarruq Term Financing-i facility of RM0.50 million granted to Suntech Energy.	-	-	466	431	389

				Outst	anding amour	nt	
				As at 31	March		As at the
No.	Transacting parties and nature of relationship	Nature of transaction	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	LPD RM'000
24.	Suntech Energy, Khoo Kah Kheng who was the director and shareholder of Suntech Energy and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Khoo Kah Kheng and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given joint and several guarantees in favour of Bank Kerjasama Rakyat Malaysia Berhad for a Term Financing-i facility of RM0.30 million granted to Suntech Energy.	-	-	300	280	286
25.	Suntech Energy, Khoo Kah Kheng who was the director and shareholder of Suntech Energy and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Khoo Kah Kheng and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given joint and several guarantees in favour of Bank Islam Malaysia Berhad for Business Financing facilities of RM11.50 million granted to Suntech Energy.	-	-	11,058	11,165	10,880
26.	Suntech Energy and Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT	Ng Chee Yee, a previous director of Suntech Energy and Solarcity REIT had given personal guarantee in favour of Public Bank Berhad for a hire purchase facility of RM0.25 million granted to Suntech Energy.	-	-	239	-	-
27.	Vafe System, Ong Hang Ping and Chow Kian Hung who are the directors of Vafe System	Ong Hang Ping and Chow Kian Hung had given personal guarantee in favour of Hong Leong Bank Berhad for term loan facility of RM6.00 million granted to Vafe System.	-	-	-	4,666	4,424

In respect of the existing personal guarantees as set out above provided to Fabulous Sunview, Solarcity REIT, Suntech Energy and Vafe System granted in favour of the respective financiers, we have obtained the relevant consents from the respective financiers for their respective approvals to discharge the guarantees by substituting the same with a corporate guarantee from Sunview after our Listing.

#### 9.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

#### 9.5.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee assesses matters relating to related party transactions and conflict of interest situations that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflict of interest situations. It also sets the procedures and processes to ensure that related party transactions are carried out in the best interest of our Company on normal commercial terms that are not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not detrimental to the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

#### 9.5.2 Policy on related party transactions

Some of our Directors and / or substantial shareholders are also directors and / or shareholders of a related party to our Group, as disclosed in Section 9.1.1 of this Prospectus and / or directors of companies that are in similar business to our Group, as disclosed in Section 10.1 of this Prospectus. It is the policy of our Group that all related party transactions must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on normal commercial terms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not detrimental to the interest of our Company's minority shareholders. In respect of our Directors' interest in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and / or transactions where a conflict of interest may arise.

#### 10. CONFLICT OF INTEREST

#### 10.1 CONFLICT OF INTEREST

As at the LPD, none of our Directors and / or substantial shareholders have any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

#### 10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

#### 10.2.1 Principal Adviser, Sponsor, Sole Underwriter and Placement Agent

AlS 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 Sunview Group and / or the Sunview 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 Sunview Group, its shareholders, and / or its affiliates and / or any other entity or person, hold long or short positions in securities issued by the Sunview 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 Sunview 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 Sunview 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.

As at the LPD, Alliance Banking Group has extended total credit facilities of RM22.29 million to our Group, which represents 53.63% of the term loans of our Group in FYE 2022. These credit facilities have been mainly used for the acquisition of Suntech Energy and financing of our solar PV facilities under the NEM and SELCO programme.

It is our Group's intention to repay a credit facility owing to AIS (which forms part of the Alliance Banking Group) using the proceeds raised from our Public Issue which forms part of the covenants of the credit facility. The credit facility was granted on the conditions, that among others, we undertake to carry out the Listing by 31 December 2022, failing which the profit rate for the credit facility shall increase by additional 2.00% per annum above its current profit rate.

AIS is of the view that the repayment of the credit facility by our Group to AIS does not result in a conflict of interest situation in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent to our Group in relation to the Listing due to the following:

- (i) the total credit facilities amounting to RM22.29 million extended by the Alliance Banking Group represents 0.35% of the latest available audited consolidated NA of the Alliance Banking Group as at 31 March 2022, which are not material;
- (ii) Alliance Bank Malaysia Berhad is a licensed commercial bank and AIS is a licensed Islamic bank. The extension of such credit facilities to our Group is in the ordinary course of business of the Alliance Banking Group;

#### 10. CONFLICT OF INTEREST (CONT'D)

- (iii) AlS is a Registered Person permitted to carry on the regulated activity of advising on corporate finance under the CMSA and its appointment as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent of our Group is in the ordinary course of its business and AlS does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent for our IPO;
- (iv) the credit facilities were provided by Alliance Bank Malaysia Berhad and AIS on an arm's length basis and in its ordinary course of business and are not conditional upon AIS being appointed as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent for our IPO; and
- (v) the corporate finance department of AIS is required to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies. Further, the team in-charge of the IPO in AIS is independent from the team handling the credit facilities in Alliance Banking Group.

The Underwriting Agreement, which certain details are set out in Section 4.6 of this Prospectus, was entered into on arm's length basis and on market terms.

#### 10.2.2 Solicitors to our Company

Messrs. Teh & Lee has confirmed that there is no conflict of interest in its capacity as the solicitors to our Group in relation to the Listing.

#### 10.2.3 External Auditors and Reporting Accountants

Messrs. Baker Tilly Monteiro Heng PLT 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.

#### 10.2.4 Independent Business and Market Research Consultants

Vital Factor has confirmed that there is no conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

#### 11. FINANCIAL INFORMATION

The Company was incorporated on 25 May 2021 for the purpose of a restructuring exercise, as part of our Listing Scheme in relation to the IPO that will result in the Company being the holding company of Fabulous Sunview after the Acquisition of Fabulous Sunview. The financial results for the acquisitions of Vafe System and Suntech Energy by Fabulous Sunview were consolidated taking into consideration the share sale agreements dated 8 March 2021 and 24 March 2021, respectively. For the purpose of this section, as the Company was incorporated on 25 May 2021, the historical audited combined financial information of our Group from FYE 2019 to FYE 2021 relate solely to the audited financial statements of Fabulous Sunview and its subsidiaries, namely Fabulous Sunview, Solarcity REIT, Solare Truss, Vafe System (post-acquisition) and Suntech Energy (post-acquisition) as these entities were under common control during FYE 2019 to FYE 2021. Please refer to Appendix D and Appendix E of this Prospectus for the 15-month FPE 31 March 2021 audited financial statements of Suntech Energy and Vafe System, respectively.

As the Acquisition of Fabulous Sunview was completed on 29 July 2022, the historical combined audited financial information for FYE 2022 contained in the ensuing sections relate to the audited financial statements of the Company as well as Fabulous Sunview and its subsidiaries as these entities were under common control during FYE 2022.

#### 11.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the Financial Years Under Review presented in this section have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the Financial Years Under Review.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in Section 11.3 of this Prospectus; and
- Accountants' Report set out in Section 12 of this Prospectus.

The historical audited combined financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future. Moreover, our Group's past operating results are not indicative of our Group's future operating performance.

#### (a) Historical audited combined statements of comprehensive income of our Group

		Au	dited	
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Revenue	5,651	26,375	43,330	99,263
Cost of sales	(4,322)	(20,243)	(30,464)	(78,917)
GP	1,329	6,132	12,866	20,346
Other income	*	*	224	870
Administrative expenses	(1,848)	(2,651)	(3,961)	(7,813)
Operating (loss)/profit	(519)	3,481	9,129	13,403
Finance costs	(280)	(227)	(786)	(2,544)
Share of result of associates, net of tax	-	*	-	-
(LBT)/PBT	(799)	3,254	8,343	10,859
Income tax expense	91	(725)	(2,552)	(1,972)
(LAT)/PAT	(708)	2,529	5,791	8,887

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	
GP margin <sup>(1)</sup> (%)	23.52	23.25	29.69	20.50	
PBT margin <sup>(2)</sup> (%)	-	12.34	19.25	10.94	
PAT margin <sup>(3)</sup> (%)	-	9.59	13.36	8.95	
Effective tax rate <sup>(4)</sup> (%)	(11.39)	22.28	30.59	18.16	
Earnings before interest, tax, depreciation and amortisation ("EBITDA") <sup>(5)</sup> (RM'000)	(411)	3,648	9,443	15,670	
Assumed number of Shares in issue <sup>(6)</sup> ('000)	468,000	468,000	468,000	468,000	
Basic and diluted (LPS)/EPS(7) (sen)	(0.15)	0.54	1.24	1.90	

#### Notes:

- Negligible
- (1) GP margin is calculated based on GP divided by revenue.
- (2) PBT margin is calculated based on PBT divided by revenue.
- (3) PAT margin is calculated based on PAT divided by revenue.
- (4) Effective tax rate is calculated based on income tax expense divided by (LBT)/PBT.
- (5) EBITDA is calculated as follows:

	Audited					
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000		
PBT Adjusted for:	(799)	3,254	8,343	10,859		
Finance costs	280	227	786	2,544		
Depreciation	108	167	287	2,146		
Interest income	*	*	27	121		
EBITDA	(411)	3,648	9,443	15,670		

#### Note:

- Negligible
- (6) The assumed number of Shares in issue after our Public Issue.
- (7) Basic (LPS)/EPS is calculated based on (LAT)/PAT attributable to owners of our Company divided by the assumed number of Shares in issue. Diluted (LPS)/EPS are the same as basic (LPS)/EPS as there were no potential dilutive ordinary shares existing during the respective years.

#### (b) Historical audited combined statements of financial position of our Group

	Audited as at 31 March 2019 2020 2021 202				
	RM'000	RM'000	RM'000	RM'000	
ASSETS					
Property, plant and equipment	3,328	3,838	33,769	39,207	
Other investments	134	-	-	, <u>-</u>	
Goodwill	-	-	17,255	17,255	
Deferred tax assets	96	_	*	702	
TOTAL NON-CURRENT ASSETS	3,558	3,838	51,024	57,164	
Inventories	659	1,266	1,120	2.066	
Current tax assets	92	1,200	1,120	3,066	
Contract assets	378	3,849	4,935	46,524	
Trade and other receivables	2,185	11,010	18,310	31,372	
Cash and short-term deposits	1,283	2,019	16,873	20,107	
TOTAL CURRENT ASSETS	4,597	18,144	41,238	101,069	
TOTAL ASSETS	8,155	21,982	92,262	158,233	
EQUITY AND LIABILITIES					
Share capital	750	2,250	2,250	24,249	
Other reserve	-	· -	144	12,800	
Retained earnings	1,474	3,003_	8,794	17,681	
TOTAL EQUITY	2,224	5,253	11,188	54,730	
Lagran and barrensina	0.004	4.700	40.007	40 700	
Loans and borrowings Deferred tax liabilities	2,024	1,793 67	42,887 307	42,732 358	
TOTAL NON-CURRENT	2,024	1,860	43,194	43,090	
LIABILITIES		1,000	40,104		
Laura and barrandana	4.004	4 007	0.040	40 407	
Loans and borrowings Current tax liabilities	1,924	1,687 343	3,949 2,165	10,137 2,236	
Trade and other payables	1,516	8,087	31,211	28,774	
Contract liabilities	467	4,752	555	19,266	
TOTAL CURRENT LIABILITIES	3,907	14,869	37,880	60,413	
	· · · · · · · · · · · · · · · · · · ·				
TOTAL LIABILITIES	<u>5,931</u>	16,729	81,074	103,503	
TOTAL EQUITY AND LIABILITIES	8,155	21,982	92,262	158,233	
•		•			

#### Note:

### (c) Significant changes

Save for the prolonged COVID-19 pandemic and as disclosed in this Prospectus, there were 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 2022 and up to the LPD. Please refer to Section 6.3.11 of this Prospectus for further details on the impact of the prolonged COVID-19 pandemic on our business and financial performance.

<sup>&#</sup>x27; Negligible

#### 11.2 CAPITALISATION AND INDEBTEDNESS

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

- (i) as at 31 July 2022, before Public Issue and use of proceeds; and
- (ii) after adjusting for the proceeds arising from our Public Issue and use of proceeds from Public Issue.

	(Unaudited) As at 31 July 2022 RM'000	After Public Issue and use of proceeds RM'000
Indebtedness:		
Current		
Secured and guaranteed		
Term loans	2,885	2,885
Bank overdrafts	3,347	3,347
Contract financing	16,917	16,917
-	23,149	23,149
Non-current	,	
Term loans (Secured and guaranteed)	38,922	31,922
ICPS	-	-
-	38,922	31,922
Total indebtedness	62,071	55,071
Shareholders' equity	59,856	92,220
Total capitalisation and indebtedness	121,927	147,291
Gearing ratio (times)*	1.04	0.60

#### Note:

The bank guarantees of our Group are set out in Section 11.3.11 (vii) of this Prospectus.

Computed based on total indebtedness over our shareholders' equity.

## 11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

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 contain data derived from our historical audited combined financial statements.

#### **Overview of Business Operations**

Our Group is principally involved in the provision of solar PV construction related services and solar power generation and supply.

As an EPCC of solar PV facilities, we provide end-to-end services from engineering design, planning and procurement, construction and installation up to testing and commissioning.

As a provider of solar PV construction and installation services, we operate as a subcontractor to EPCC contractors where we are involved in site clearance and management, M&E, piling, assembly and installation of mounting systems, and installation of solar PV modules and related electrical and communications equipment and systems.

In addition, we also provide associated services and products to complement our core services in EPCC, and construction and installation services. We have also embarked on being an asset owner of solar PV facilities to generate and supply solar power which enables us to generate recurrent revenue to supplement our project based revenue streams.

Please refer to Section 6.3 of this Prospectus for further details on our business overview.

#### 11.3.1 Revenue

Our main revenue stream is derived from the provision of solar PV construction related services, where the scope of our work is generally as follows:

- (a) EPCC of solar PV facilities: our EPCC of solar PV facilities cover end-to-end works of a project which includes the following:
  - (i) Engineering, which involves the planning and design of the entire solar PV facility.
  - (ii) Procurement, which involves the sourcing of all construction materials and equipment including solar PV modules and balance of systems, and services including subcontractors, contract workers, consultants, logistics service providers and rental of equipment.
  - (iii) Construction, which involves structural construction and M&E installation. Our principal roles are mainly project management and site supervision, quality and safety assurance, monitoring the construction, installation and integration process, ensuring all works are following project specification and design, and that they meet regulatory compliances, and liaising with authorities and other external parties.
  - (iv) Commissioning, which involves the testing of individual equipment, subsystems and the total installed solar PV facility.

Revenue contribution from EPCC of solar PV facilities accounted for 76.38% (RM4.32 million), 38.68% (RM10.20 million), 46.06% (RM19.96 million) and 75.73% (RM75.17 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

- (b) Construction and installation of solar PV facilities: we are responsible for carrying out work based on our customers' designs and specifications. We engage external parties to carry out the construction and installation works under our supervision. Our construction and installation works include the following:
  - (i) Civil works, which involve preparation of the site for installation of solar PV facilities.
  - (ii) Structural works, which involve the construction of buildings and structures including control rooms, substations and other structures to house or support the inverters and transformers.
  - (iii) Mechanical works, which involve the installation of mounting system to hold the solar PV panels, as well as assembly of metal-based support structures for some of the balance of system.
  - (iv) Electrical works, which involves the installation and wiring connections of the solar PV panels, which is then connected to various electrical equipment such as inverters and subsequently to the control room.

Revenue contribution from construction and installation works accounted for 10.46% (RM0.59 million), 41.68% (RM10.99 million), 40.37% (RM17.49 million) and 8.85% (RM8.79 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022, respectively.

Our revenue recognition method is set out as below:

#### (a) EPCC of solar PV facilities

Revenue is recognised over time, if (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or (ii) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

#### (b) Sale of electricity generated from renewable energy equipment

Revenue from sale of electricity generated from renewable energy equipment is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance. The revenue recognised is the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance that is completed to date. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end.

#### (c) Associated services and products

Revenue from associated services and products is recognised at a point in time, if a customer receives and consumes the benefits provided by the entity's performance and if the control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of due from the date of invoices. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Please refer to Section 11.3.1 (i) of this Prospectus for further year-on-year analysis on revenue by business activities.

#### (i) Revenue by business activities

The table below presents the breakdown of our total revenue by business activities:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
<b>Business activities</b>	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC of solar PV facilities	4,316	76.38	10,200	38.68	19,958	46.06	75,168	75.73
Construction and installation of solar PV facilities	591	10.46	10,994	41.68	17,491	40.37	8,788	8.85
Associated services and products	744	13.16	5,181	19.64	5,684	13.12	11,809	11.90
Solar power generation and supply	-	-	-	-	197	0.45	3,498	3.52
Total	5,651	100.00	26,375	100.00	43,330	100.00	99,263	100.00

#### (a) FYE 2020 compared to FYE 2019

Our Group recorded higher revenue of RM26.38 million for the FYE 2020, representing an increase of RM20.72 million or 366.73% as compared to the revenue of RM5.65 million for the FYE 2019. The increase in revenue was due to higher revenue contributed from all the segments which were in correspondence with the Government's initiatives to encourage RE uptake through the introduction of NEM 2.0. Please refer to Section 6.3.3 (ii) of this Prospectus for further information of NEM 2.0.

For the FYE 2020, our revenue was mainly generated from the EPCC of solar PV facilities and construction and installation of solar PV facilities.

#### **EPCC of solar PV facilities**

Revenue from our EPCC of solar PV facilities segment contributed RM10.20 million for the FYE 2020, representing an increase of RM5.88 million or 136.33% as compared to FYE 2019. Revenue from this segment was mainly derived from the installation of solar PV systems on residential, commercial and industrial properties.

The increase in revenue was mainly contributed from the following:

- substantial completion of an 854.00 kWp project located in Puchong, Selangor with contract value of RM2.30 million which has contributed to a total revenue of RM1.85 million for the FYE 2020;
- substantial completion of a 606.00 kWp project located in Shah Alam, Selangor with contract value of RM1.84 million which has contributed to a total revenue of RM1.70 million for the FYE 2020;
- (iii) completion of a 350.70 kWp project located in Cyberjaya, Selangor in April 2020 with contract value of RM0.93 million which has contributed to a total revenue of RM0.93 million for the FYE 2020; and
- (iv) completion of a 330.00 kWp project located in Sungai Petani, Kedah in September 2019 with contract value of RM1.11 million which has contributed to a total revenue of RM1.11 million for the FYE 2020.

#### Construction and installation of solar PV facilities

During the FYE 2020, revenue from this segment increased by RM10.40 million or 1,760.24% to RM10.99 million. The increase in revenue in this segment was mainly due to the LSS 2 projects which were expected to be operational from end-2019 and as such, our Company was awarded more construction projects.

The increase in revenue was mainly contributed from the following:

- (i) commencement of LSS 2 subcontracting services involving, among others, M&E installation works of 29.99 MWac in Paka, Terengganu in July 2019 with contract value of RM3.90 million which has contributed to a total revenue of RM1.14 million for the FYE 2020:
- (ii) substantial completion of LSS 2 subcontracting services involving, among others, M&E installation works of 30.00 MWac in Kerian, Perak with contract value of RM5.13 million which has contributed to a total revenue of RM4.63 million for the FYE 2020;
- (iii) completion of LSS 2 subcontracting services involving, among others, M&E installation works of 29.92 MWac in Gebeng, Pahang in March 2020 with contract value of RM3.60 million (including variance order) which has contributed to a total revenue of RM3.60 million for the FYE 2020; and
- (iv) completion of a 268.60 kWp project located in Kulai, Johor in September 2019 with contract value of RM1.03 million which has contributed to a total revenue of RM1.03 million for the FYE 2020.

#### Associated services and products

Revenue from the provision of associated services and products increased by RM4.44 million or 596.37%. The increase in revenue for this segment was mainly due to the following reasons:

- (i) supply of materials such as solar panels and inverter amounting to RM3.32 million to an LSS 2 project in Gebeng, Pahang;
- (ii) supply of materials such as mounting structure and solar panel amounting to RM0.70 million for trading purposes; and
- (iii) application services provided to customers pursuant to a request for proposal for LSS projects under Suruhanjaya Tenaga amounting to RM0.26 million in which our Company provides consultancy services including preparation and submission of solar PV documentation to the authorities.

#### (b) FYE 2021 compared to FYE 2020

Due to good response from the solar PV industry and in an effort to boost the usage of solar energy, the Energy and Natural Resources Minister ("**KeTSA**") via a press statement by KeTSA on 29 December 2020 has introduced the new NEM 3.0 to provide more opportunities to electricity consumers to install solar PV systems on the roofs of their premises to save on their electricity bill. The NEM 3.0 will be in effect from 2021 to 2023 and the total quota allocation is up to 500.00 MW. Further details of the NEM 3.0 are set out in Section 6.3.3 (ii) of this Prospectus.

Our Group's total revenue increased by 64.28% or RM16.96 million to RM43.33 million in the FYE 2021 mainly due to an increase in the EPCC of solar PV facilities and construction and installation of solar PV facilities segment.

#### **EPCC of solar PV facilities**

Revenue generated from our EPCC of solar PV facilities segment increased by RM9.76 million or 95.67% as compared to FYE 2020. The increase in revenue was mainly contributed from the following:

- substantial completion of a 1.00 MWp project located in Masjid Tanah, Melaka with contract value of RM2.50 million which has contributed to a total revenue of RM2.06 million for the FYE 2021;
- (ii) substantial completion of a new project with capacity of 493.00 kWp project located in Rompin, Pahang with contract value of RM1.20 million (including variance order) which has contributed to a total revenue of RM1.18 million of our Group's revenue for the FYE 2021;
- (iii) completion of a new project with capacity of 559.00 kWp project located in Shah Alam, Selangor in November 2020 with contract value of RM1.41 million which has contributed to a total revenue of RM1.41 million of our Group's revenue for the FYE 2021;
- (iv) completion of a 1.74 MWp project located in Batu Pahat, Johor in September 2020 with contract value of RM4.59 million (including variation order) which has contributed to a total revenue of RM4.55 million of our Group's revenue for the FYE 2021; and
- (v) completion of a 301.00 kWp project located in Alor Gajah, Melaka in March 2021 with contract value of RM0.99 million which has contributed to a total revenue of RM0.98 million of our Group's revenue for the FYE 2021.

#### Construction and installation of solar PV facilities

During the FYE 2021, revenue from this segment increased by RM6.50 million or 59.10% to RM17.49 million. The increase in revenue from this segment was mainly due to additional subcontractor contracts that were secured during the financial year.

The increase in revenue was mainly contributed from the following:

 completion of subcontracting services involving, among others, M&E installation works of 1.00 MWp project located in lpoh, Perak in February 2021 with contract value of RM2.10 million which has contributed to a total revenue of RM2.10 million of our Group's revenue for the FYE 2021;

- (ii) completion of subcontracting services involving, among others, M&E installation works of 30.00 MWac in Pekan, Pahang in July 2021 with contract value of RM12.06 million (including variance order) which has contributed to a total revenue of RM12.06 million of our Group's revenue for the FYE 2021;
- (iii) completion of subcontracting services involving, among others, M&E installation works of 29.99 MWac in Paka, Terengganu in November 2020 with contract value of RM3.90 million which has contributed to a total revenue of RM2.76 million of our Group's revenue for the FYE 2021; and
- (iv) completion of subcontracting services involving, among others, M&E installation works of 30.00 MWac in Kerian, Perak in November 2020 with contract value of RM5.13 million which has contributed to a total revenue of RM0.50 million of our Group's revenue for the FYE 2021.

#### Associated services and products

Revenue from associated services and products increased by RM0.50 million or 9.71%. The increase is mainly due to application services provided to customers pursuant to a request for proposal for LSS projects by interested investors amounting to RM0.35 million in which we provide consultancy services including, among others, system designing, financial modelling, applications to authorities as well as requesting financing from financial institutions.

#### Solar power generation and supply

Our Group has commissioned our solar assets in Johor during the FYE 2021 and has derived revenue from the sales of electricity which accounted for RM0.20 million in the FYE 2021.

## (c) FYE 2022 compared to FYE 2021

Our Group's total revenue increased by 129.09% or RM55.93 million to RM99.26 million in the FYE 2022 which was mainly due to an increase in revenue in the EPCC of solar PV facilities segment.

## **EPCC of solar PV facilities**

Revenue generated from our EPCC of solar PV facilities segment increased by RM55.21 million or 276.63% as compared to FYE 2021. The increase in revenue was mainly contributed from the following:

- commencement of a 50.00 MWac LSS 4 project located in Pulau Pinang with contract value of RM169.18 million which has contributed to a total revenue of RM13.91 million for the FYE 2022;
- (ii) commencement of a 5.00 MWac LSS 1 project located in Tanjung Kubong, Labuan with contract value of RM20.60 million which has contributed a total revenue of RM12.88 million for the FYE 2022:
- (iii) commencement of a 10.00 MWac LSS 2 project located in Sandakan, Sabah with contract value of RM53.00 million which has contributed to a total revenue of RM10.75 million for the FYE 2022:
- (iv) commencement of a 5.00 MWac LSS 2 project located in Kunak, Sabah with contract value of RM20.00 million which has contributed to a total revenue of RM2.40 million for the FYE 2022;
- (v) commencement of a 50.00 MWac LSS 4 project located in Bidor, Perak with contract value of RM157.55 million which has contributed a total revenue of RM2.40 million for the FYE 2022;
- (vi) commencement of a 50.00 MWac LSS 4 project located in Pekan, Pahang with contract value of RM160.00 million which has contributed a total revenue of RM1.87 million for the FYE 2022:
- (vii) completion of a 2.11 MWac project located in Cheras, Kuala Lumpur in January 2022 with contract value of RM5.58 million which has contributed a total revenue of RM5.58 million for the FYE 2022;
- (viii) completion of a 1.21 MWac project located in Padang Serai, Kedah in March 2022 with contract value of RM2.78 million which has contributed a total revenue of RM2.78 million for the FYE 2022;
- (ix) completion of a 797 kWp project located in Sitiawan, Perak in February 2022 with contract value of RM2.20 million which has contributed a total revenue of RM2.20 million for the FYE 2022;
- (x) completion of a 785 kWp project located in Shah Alam, Selangor in June 2022 with contract value of RM1.97 million which has contributed a total revenue of RM1.87 million for the FYE 2022;
- (xi) completion of a 727.92 kWp project located in lpoh, Perak in March 2022 with contract value of RM1.97 million which has contributed a total revenue of RM1.97 million for the FYE 2022;
- (xii) completion of a 424.80 kWp project located in Cheras, Selangor in February 2022 with contract value of RM1.04 million which has contributed a total revenue of RM1.04 million for the FYE 2022;

- (xiii) completion of a 551 kWp project located in Pelabuhan Klang, Selangor in February 2022 with contract value of RM1.60 million which has contributed a total revenue of RM1.60 million for the FYE 2022; and
- (xiv) completion of a 490.80 kWp project located in Subang Jaya, Selangor in December 2021 with contract value of RM1.25 million which has contributed a total revenue of RM1.00 million for the FYE 2022.

#### Construction and installation of solar PV facilities

During the FYE 2022, revenue from this segment decreased by RM8.70 million or 49.76% to RM8.78 million. The decrease in revenue was mainly due to the lower number of LSS projects secured under this segment following our Group's increased focus in the EPCC segment in FYE 2022. The Group only secured 2 LSS projects under this segment in FYE 2022 as compared to 4 LSS projects in FYE 2021.

## Associated services and products

Revenue from associated services and products increased by RM6.13 million or 107.76% to RM11.81 million in the FYE 2022. The increase in this segment was mainly due to the following:

- (i) supply of materials such as solar panels, inverter and mounting structure amounting to RM9.59 million for trading purposes;
- (ii) application services provided to customers pursuant to a request for proposal by interested investors for, among others, system designing, financial modelling, applications to authorities as well as requesting financing from financial institution, amounting to RM0.81 million; and
- (iii) operation and maintenance services provided to a customer located in Pekan, Pahang, amounting to RM0.65 million.

## Solar power generation and supply

Our Group has recognised revenue generated from our solar assets of RM3.50 million in the FYE 2022 pursuant to the acquisitions of Suntech Energy and Vafe System as well as commissioning of the solar assets by our wholly-owned subsidiary, Solarcity REIT.

## 11.3.2 Cost of sales

# (i) Cost of sales by cost component

The table below sets out the breakdown of our cost of sales by cost component:

	Audited										
	FYE 2019		FYE 2020		FYE :	2021	FYE 2022				
Cost component	RM'000	%	RM'000	%	RM'000	%	RM'000	%			
Purchase of materials	2,910	67.33	11,983	59.19	12,778	41.94	32,624	41.34			
Subcontractor costs (1)	561	12.98	6,478	32.00	13,421	44.06	19,955	25.29			
Project related expenses (2)	445	10.29	975	4.82	2,918	9.58	21,214	26.88			
Staff cost	406	9.40	807	3.99	1,236	4.06	3,506	4.44			
Depreciation	-	-	-	-	111	0.36	1,618	2.05			
Total	4,322	100.00	20,243	100.00	30,464	100.00	78,917	100.00			

# Notes:

- (1) Including cost for installation works for M&E and equipment rental.
- (2) Including professional costs, application fee, sales tax and custom duty and other miscellaneous costs.

# (ii) Cost of sales by business activities

The table below sets forth the breakdown of our cost of sales by business activities:

		***		Auc	lited			
	FYE	2019	FYE	2020	FYE :	2021	FYE 2022	
Business activities	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC of solar PV facilities	3,127	72.35	7,318	36.15	13,043	42.82	59,352	75.21
Construction and installation of solar PV facilities	533	12.33	7,787	38.47	12,741	41.82	7,406	9.39
Associated services and products	662	15.32	5,138	25.38	4,569	15.00	10,151	12.86
Solar power generation and supply	-	-	-		111	0.36	2,008	2.54
Total	4,322	100.00	20,243	100.00	30,464	100.00	78,917	100.00

## (a) FYE 2020 compared to FYE 2019

For the FYE 2020, our cost of sales increased by RM15.92 million or 368.37% to RM20.24 million (FYE 2019: RM4.32 million). The increase was contributed by the increase in cost of sales from our EPCC of solar PV facilities and construction and installation of solar PV facilities segment by RM11.35 million which was in tandem with the increase in the revenue generated from our EPCC of solar PV facilities and construction and installation of solar PV facilities segment for the financial year.

The increase in cost of sales for our EPCC of solar PV facilities and construction and installation of solar PV facilities segment was mainly attributable to the following cost components:

- (i) increase in purchase of materials cost by RM9.07 million or 311.79%, which was in tandem with the projects secured for the FYE 2020;
- (ii) increase in subcontractor costs by RM5.92 million or 1,054.72% which was the appointment of third party for the installation work;
- (iii) increase in project related expenses by RM0.53 million or 119.10% to RM0.98 million (FYE 2019: RM0.45 million). The increase was mainly due to the sales tax and custom duty and application fee amounting to RM0.38 million and RM0.23 million, respectively which was in tandem with the projects secured for the FYE 2020; and
- (iv) increase in staff cost by RM0.40 million or 98.77% to RM0.81 million (FYE 2019: RM0.41 million) due to the increase in the number of staff from 15 employees in the FYE 2019 to 39 employees in the FYE 2020.

The increase in cost of sales for both EPCC of solar PV facilities and construction and installation of solar PV facilities were in tandem with the projects secured for the FYE 2020.

The cost of sales incurred for associated services and products for the FYE 2020 has increased by RM4.48 million or 676.13% to RM5.14 million (FYE 2019: RM0.66 million), which constituted 25.38% of our total cost of sales for the FYE 2020 (FYE 2019: 15.32%). The increase was in tandem with the supply of materials to the LSS 2 project in Pahang.

## (b) FYE 2021 compared to FYE 2020

Our Group incurred cost of sales of RM30.46 million for the FYE 2021 which comprised purchases of materials of RM12.78 million, subcontractor costs of RM13.42 million, project related expenses of RM2.92 million, staff cost of RM1.24 million and depreciation of RM0.11 million representing 41.94%, 44.06%, 9.58%, 4.06% and 0.36% of our total cost of sales for the FYE 2021, respectively.

For the FYE 2021, our total cost of sales increased by RM10.22 million or 50.49% to RM30.46 million (FYE 2020: RM20.24 million) in line with the increase in our revenue. The increase was mainly due to our significantly higher subcontractor costs and purchase of materials in correspondences to the progress of our EPCC and subcontracting works for our secured projects.

Accordingly, the cost of sales incurred for EPCC of solar PV facilities and construction and installation of solar PV facilities segment for the secured projects constituted RM25.78 million or 84.64% of our total cost of sales during the financial year (FYE 2020: RM15.11 million or 74.62%). Our purchase of materials increased by RM0.80 million or 6.63% to RM12.78 million in the FYE 2021 (FYE 2020: RM11.98 million) mainly due to purchases of materials in order to cater to the demand for the increasing contracts secured during the financial year.

Our subcontractor costs increased by RM6.94 million or 107.18% to RM13.42 million (FYE 2020: RM6.48 million) mainly due to more subcontractors were engaged to provide various services such as M&E installation works for some of our secured projects for our EPCC of solar PV facilities and construction and installation of solar PV facilities segments, which was in tandem with the projects secured for the FYE 2021.

Our staff costs increased by RM0.43 million or 53.16% to RM1.24 million (FYE 2020: RM0.81 million) mainly because we employed more skilled staff including engineers and technical personnel to monitor and supervise the progress of the installation and integration of solar PV modules and balance of system for the secured projects to ensure compliance with project specifications and project timeline. Our Group's headcount increased from 39 employees as at 1 April 2020 to 41 employees as at 31 March 2021 and our Company reward staff based on the good result in FYE 2020.

The cost of sales incurred for other project related expenses such as professional costs and application fee for the FYE 2021 increased by RM1.94 million or 199.28% to RM2.92 million (FYE 2020: RM0.98 million), which constituted 9.58% of our total cost of sales for the FYE 2021 (FYE 2020: 4.82%). The increase was in tandem to the higher revenue of our Group and additional request for proposal made for the FYE 2021.

The depreciation incurred for the FYE 2021 amounting to RM0.11 million (FYE 2020: Nil) was mainly attributable to our Group's solar assets in Kluang, Johor.

#### (c) FYE 2022 compared to FYE 2021

For the FYE 2022, our total cost of sales increased by RM48.45 million or 159.05% to RM78.92 million (FYE 2021: RM30.46 million) in line with the increase in our revenue. The increase in total cost of sales was mainly contributed by the increase in cost of sales from our EPCC of solar PV facilities for our secured LSS projects. In respect of the cost components, the increase in total cost of sales was mainly contributed by the higher purchases of materials costs arising from increase in purchases made in line with the contracts secured, increase in cost of materials and increase in freight charges.

The cost of sales incurred for EPCC of solar PV facilities and construction and installation of solar PV facilities segment for the secured projects constituted RM66.76 million or 84.60% of our total cost of sales during the financial year (FYE 2021: RM25.78 million or 84.64%). Our purchases of materials increased by RM19.85 million or 155.31% to RM32.62 million in the FYE 2022 (FYE 2021: RM12.78 million) mainly due to increased purchases of materials in order to cater to the higher contracts secured.

Our subcontractor costs increased by RM6.53 million or 48.68% to RM19.96 million (FYE 2021: RM13.42 million). The increase was in line with the higher revenue contributed from the construction and installation of solar PV facilities segment which was in line with the increase in the contracts secured.

The cost of sales incurred for our project related expenses for the FYE 2022 increased by RM18.30 million or 627.00% to RM21.21 million (FYE 2021: RM2.92 million), which constituted 26.88% of our total cost of sales for the FYE 2022 (FYE 2021: 9.58%). The increase was in tandem with the higher revenue from the EPCC of solar PV facilities segment and associated services and products segment mainly due to supply of materials such as solar panels, inverter and mounting structure as well as additional request for proposal made in the FYE 2022.

Our staff costs increased by RM2.27 million or 183.66% to RM3.51 million (FYE 2021: RM1.24 million) mainly because we employed more staff including engineers and technical personnel to monitor and supervise the progress of the installation and integration of solar PV modules and balance of system for the secured projects under the EPCC of solar PV facilities segment to ensure compliance with project specifications and project timeline.

The depreciation incurred for the FYE 2022 amounting to RM1.62 million (FYE 2021: RM0.11 million) was mainly due to the depreciation of newly commissioned solar assets owned by Solarcity REIT as well as depreciation of solar assets owned by the newly acquired subsidiaries, namely Suntech Energy and Vafe System.

# 11.3.3 GP and GP margin

# (i) GP and GP margin by business activities

The table below presents the breakdown of our total GP and GP margin by business activities:

		Audited										
		FYE 2019			FYE 2020			FYE 2021		FYE 2022		
	GP RM'000	% of total GP	GP margin %									
EPCC of solar PV facilities	1,190	89.54	27.57	2,882	47.00	28.25	6,915	53.74	34.64	15,816	77.74	21.04
Construction and installation of solar PV facilities	58	4.36	9.81	3,207	52.30	29.17	4,750	36.92	27.16	1,382	6.79	15.73
Associated services and products	81	6.10	10.89	43	0.70	0.83	1,115	8.67	19.62	1,658	8.15	14.04
Solar power generation and supply	-	-	-	-	-	-	86	0.67	43.65	1,490	7.32	42.60
Total	1,329	100.00	23.51	6,132	100.00	23.25	12,866	100.00	29.69	20,346	100.00	20.50

# (a) FYE 2020 compared to FYE 2019

Our total GP increased by 361.40% or RM4.80 million to RM6.13 million in the FYE 2020 mainly due to higher GP from the EPCC of solar PV facilities and construction and installation of solar PV facilities segment. Our overall GP margin for the FYE 2020 stood at 23.25% which was fairly consistent as compared to FYE 2019 of 23.51%.

# **EPCC of solar PV facilities**

Our GP from the EPCC of solar PV facilities increased by RM1.69 million or 142.18% to RM2.88 million, which was in tandem with the number of projects secured in the FYE 2020. Our GP margin for EPCC of solar PV facilities stood at 28.25% and was fairly consistent with a marginal increase of 0.68% as compared to FYE 2019 of 27.57%.

#### Construction and installation of solar PV facilities

Our GP from the construction and installation solar PV facilities increased by RM3.15 million to RM3.21 million in FYE 2020 due to higher revenue and GP contribution from the additional subcontracting projects awarded to our Group. Our GP margin for this segment increase substantially from 9.81% in FYE 2019 to 29.17% in FYE 2020 mainly due to higher margin recognised for the newly secured LSS 2 projects.

## Associated services and products

Our GP for associated services and products segment decreased by RM0.04 million or 46.91% as compared to FYE 2019. The decrease in GP was mainly due to application services provided to our customers with lower margin as part of our pricing strategy to foster continuing engagement and customer relationship.

## (b) FYE 2021 compared to FYE 2020

Our total GP increased by RM6.73 million or 109.82% to RM12.87 million in the FYE 2021. Our overall GP margin increased from 23.25% in the FYE 2020 to 29.69% in the FYE 2021. This was mainly due to reduction in solar module prices during the said financial year. The details of the typical price of the crystalline silicon module are set out in Section 5 of the Industry Overview, which is enclosed as Section 7 of this Prospectus.

# **EPCC of solar PV facilities**

Our GP from the EPCC of solar PV facilities segment increased by RM4.03 million or 139.94% to RM6.92 million due to higher revenue and GP contribution from the EPCC services for solar PV facilities arising from the following:

- (i) higher GP margin yield for projects with zero capital expenditure scheme introduced during the FYE 2021. Further details of the zero capital expenditure scheme are set out in Sections 6.1.2 (v) and 7 of this Prospectus; and
- (ii) lower solar module prices as mentioned above.

As a result, our GP margin for EPCC of solar PV facilities increased from 28.25% in FYE 2020 to 34.64% in FYE 2021.

#### Construction and installation of solar PV facilities

Our GP from the construction and installation of solar PV facilities segment increased by RM1.54 million or 48.11% to RM4.75 million due to higher revenue contribution from the construction and installation of solar PV facilities.

Notwithstanding the above, Our GP margin for this segment decreased marginally from 29.17% in FYE 2020 to 27.16% in FYE 2021 due to the higher profit margins recognised for the projects in Pahang and Terengganu during FYE 2020.

## Associated services and products

Our GP for associated services and products segment increased by RM1.07 million to RM1.12 million in the FYE 2021. The increase in GP was mainly due to the lower cost of solar module prices as mentioned above, resulting in higher profit margin for the supply of materials for trading purposes.

## Solar power generation and supply

Our GP generated from the solar power generation and supply segment increased by RM0.09 million with a recorded GP margin of 43.65% (FYE 2020: nil) resulting from the commissioning of our solar assets in Johor during the FYE 2021.

#### (c) FYE 2022 compared to FYE 2021

Our total GP increased by 58.14% or RM7.48 million to RM20.35 million in the FYE 2022 while our overall GP margin decreased in FYE 2022 to 20.50% (FYE 2021: 29.69%).

## **EPCC of solar PV facilities**

Our GP from the EPCC of solar PV facilities segment increased by RM8.90 million or 128.72% to RM15.82 million which was in line with the higher revenue contribution from the EPCC of solar PV facilities.

Our GP margin for EPCC of solar PV facilities decreased from 34.64% in FYE 2021 to 21.04% in FYE 2022 mainly due to higher subcontractor costs arising from increase in labour cost, increase in cost of materials and freight charges, and lower margins for LSS projects as a result of our competitive pricing.

#### Construction and installation of solar PV facilities

Our GP from the construction and installation of solar PV facilities segment decreased by RM3.37 million or 70.91% to RM1.38 million (FYE 2021: RM4.75 million) and our GP margin decreased from 27.16% in FYE 2021 to 15.73% in FYE 2022. The decrease in the GP margin was mainly due to higher subcontractor costs arising from increase in labour cost.

#### Associated services and products

Our GP for associated services and products segment increased by RM0.54 million to RM1.66 million in the FYE 2022 (FYE 2021: RM1.12 million). However, the decrease in GP margin from 19.62% in FYE 2021 to 14.04% in FYE 2022 was mainly due to competitive pricing provided to our customers for the application services as part of our pricing strategy to foster continuing engagement and customer relationship.

#### Solar power generation and supply

Our GP generated from the solar power generation and supply segment increased to RM1.49 million with a recorded GP margin of 42.60% (FYE 2021: 43.65%) from our newly acquired subsidiaries, namely Suntech Energy and Vafe System and commissioning of the solar assets during the FYE 2022.

#### 11.3.4 Other Income

				Aud	dited		***************************************	
	FYE 2	2019	FYE	2020	FYE	2021	FYE 2	2022
Other Income	RM	%	RM	%	RM	%	RM	%
Government grants	- 441	100.00	- 683	100.00	42,378 27,535	18.88 12.27	71,378 120,664	8.20 13.87
Compensation from insurance	-	-	-	-	94,883	42.27	-	-
Gain on disposal of associate	-	-	-	-	49	0.02	-	-
Realised gain on foreign exchange	-	-	-	-	59,605	26.56	46,213	5.31
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	20,705	2.38
Trade payables written down	-	-	-	-	-	-	110,380	12.69
Reversal of interest expense (RCPS)	-	-	-	-	-	-	500,791	57.55
Total	441	100.00	683	100.00	224,450	100.00	870,131	100.00

#### FYE 2020 compared to FYE 2019

For the FYE 2020, our Group recorded other income of RM683 (FYE 2019: RM441) mainly derived from the interest earned from fixed deposits.

# FYE 2021 compared to FYE 2020

For the FYE 2021, our Group recorded an increase in other income of RM223,767 to RM224,450 (FYE 2020: RM683). The higher other income was mainly contributed from the following:

- (i) a Government grant amounting to RM42,378. This refers to the subsidies given by SOCSO under the Wage Subsidy Programme which aims to support businesses affected by the economic impact of COVID-19 and prevent workers from losing their jobs and source of income;
- (ii) increase in interest income of RM26,852 mainly derived from the interest earned from fixed deposits using our Group's excess fund;
- (iii) compensation from insurance for equipment damage due to collapsed solar panels during a main contractor's dismantling works amounting to RM94,883; and
- (iv) realised gain on foreign exchange arising from settlement of outstanding balance for our Group's overseas purchase amounting to RM59,605.

## FYE 2022 compared to FYE 2021

For the FYE 2022, our Group recorded an increase in other income of RM645,681 to RM870,131 (FYE 2021: RM224,450). The increase in other income was mainly due to the reversal of RCPS interest expenses arising from the RCPS Redemption, trade payables written down in FYE 2022 as these companies have ceased business operations and interest income from fixed deposit.

## 11.3.5 Administrative expenses

				Aud	lited				
Administrative	FYE :	2019	FYE	2020	FYE 2	2021	FYE 2	FYE 2022	
expenses	RM'000	%	RM'000	%	RM'000	%	RM'000	%	
Staff costs (1)	795	43.02	1,475	55.64	2,144	54.13	2,289	29.30	
Directors' fees	120	6.49	120	4.53	120	3.03	120	1.54	
Rental expenses	47	2.54	15	0.57	135	3.41	61	0.78	
Legal and professional fees (2)	58	3.14	95	3.58	444	11.21	910	11.65	
Depreciation of fixed assets	108	5.84	167	6.30	175	4.42	528	6.75	
Advertisement and marketing expenses	35	1.89	131	4.94	266	6.71	219	2.80	
Loss on foreign exchange	33	1.79	163	6.15	171	4.32	214	2.74	
Unrealised loss on foreign exchange	5	0.27	168	6.34	-	-	3	0.04	
Social contribution (3)	50	2.71	3	0.11	300	7.57	3	0.04	
Listing expenses (4)	_	-	_	-	_	_	1,648	21.09	
Others (5)	597	32.31	314	11.84	206	5.20	1,818	23.27	
Total	1,848	100.00	2,651	100.00	3,961	100.00	7,813	100.00	

#### Notes:

- (1) Comprises of salaries, bonuses, wages, allowances and other staff related costs as well as our staff benefits.
- (2) Comprises of management fee, audit fee, tax agent fee, secretarial fee and other professional fees.
- (3) As part of corporate social responsibility for the RE sector undertaken by our Group.
- (4) Comprises of professional fees in relation to the Listing.
- (5) Comprises of loss on disposal of subsidiary, other project related expenses, general expenses, stamping fee, warehouse charges and office expenses.

## FYE 2020 compared to FYE 2019

For the FYE 2020, our administrative expenses increased by RM0.80 million or 43.45% to RM2.65 million (FYE 2019: RM1.85 million) due to the following factors:

- increase in staff costs of RM0.68 million mainly due to increase in our headcount from 24 employees in FYE 2019 to 37 employees in FYE 2020 to cater for the expansion of our scale of operations;
- (ii) increase in loss on foreign exchange of RM0.13 million mainly due to the additional purchases of solar PV module to cater the additional projects secured during the financial year;
- (iii) increase in unrealised loss on foreign exchange of RM0.16 million mainly due to the additional purchases of solar PV module to cater the additional projects secured during the financial year; and

(iv) increase in advertisement and marketing expenses of RM0.10 million.

## FYE 2021 compared to FYE 2020

For the FYE 2021, our administrative expenses increased by RM1.31 million or 49.42% to RM3.96 million (FYE 2020: RM2.65 million) due to the following factors:

- increase in legal and professional fees of RM0.35 million mainly due to professional fees incurred for, among others, the listing of our Company and investment by Basil Power to our Group;
- (ii) increase in staff costs of RM0.68 million mainly because we employed more skilled staff including engineers and technical personnel to monitor and supervise the progress of the installation and integration of solar PV modules and balance of system for our secured projects to ensure compliance with project specifications and project timeline. Our headcount increased from 37 as at FYE 2020 to 41 as at FYE 2021 and higher bonus awarded to our staff in FYE 2020;
- (iii) increase in social contribution of RM0.30 million as part of corporate social responsibility for the RE sector undertaken by our Group; and
- (iv) increase in advertisement and marketing expenses of RM0.14 million.

## FYE 2022 compared to FYE 2021

For the FYE 2022, our administrative expenses increased by RM3.85 million or 97.25% to RM7.81 million (FYE 2021: RM3.96 million) due to the following factors:

- increase in legal and professional fees of RM0.47 million for the Pre-IPO Fund Raising, RCPS Redemption and issuance of ICPS as well as financial advisory fees;
- (ii) increase in depreciation of fixed assets of RM0.35 million from our newly acquired subsidiaries, namely Suntech Energy and Vafe System;
- (iii) increase in staff cost of RM0.15 million mainly due to newly hired staff which is in line with the increase in projects secured; and
- (iv) increase of RM1.65 million for the listing expenses in relation to the Listing of our Company.

#### 11.3.6 Finance costs

				Au	dited			
	FYE 2	019	FYE 2	FYE 2020		021	FYE 2022	
Finance costs	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loan	212	75.71	151	66.52	226	28.75	1,800	70.76
Lease liabilities	4	1.43	12	5.29	49	6.24	225	8.84
Overdraft interest	64	22.86	64	28.19	10	1.27	-	-
RCPS	-	-	-	-	501	63.74	-	-
ICPS	-	-	-	-	-	-	519	20.40
Total	280	100.00	227	100.00	786	100.00	2,544	100.00

## FYE 2020 compared to FYE 2019

For the FYE 2020, our Group recorded a decrease in finance costs of RM0.05 million as compared to RM0.28 million in FYE 2019 mainly due to the repayment of existing loan during the financial year under review.

# FYE 2021 compared to FYE 2020

For the FYE 2021, our Group recorded an increase in finance cost of RM0.56 million to RM0.79 million (FYE 2020: RM0.23 million) mainly due to interest cost incurred in relation to the issuance of the RCPS to Basil Power.

## FYE 2022 compared to FYE 2021

For the FYE 2022, our Group recorded an increase in finance cost of RM1.76 million to RM2.54 million (FYE 2021: RM0.79 million) mainly due to the following:

- (i) recognition of the ICPS interest of RM0.52 million pursuant to the issuance of ICPS;
- (ii) increase in term loans interest of RM1.57 million for the newly commissioned solar assets financing:
- (iii) consolidation of banking facilities from Suntech Energy and Vafe System as well as new banking facilities secured by Fabulous Sunview; and
- (iv) increase in interest from lease liabilities of RM0.18 million mainly due to rental of rooftop for Suntech Energy and Vafe System.

## 11.3.7 (LBT)/PBT and PBT margin

	Audited								
FYE 2019	FYE 2020	FYE 2021	FYE 2022						
(799)	3,254	8,343	10,859						
-	12.34	19.25	10.94						
	(799)	(799) Sye 2020 (799) 3,254	FYE 2019         FYE 2020         FYE 2021           (799)         3,254         8,343						

#### Note:

(1) PBT margin is calculated based on PBT divided by revenue.

## FYE 2020 compared to FYE 2019

Our Group recorded a LBT of RM0.80 million in FYE 2019 mainly due to lower revenue coupled with higher administrative costs as compared to our GP.

We recorded a PBT of RM3.25 million in FYE 2020 mainly contributed by an increase in revenue, higher GP and GP margin. The improvement in PBT had correspondingly resulted in our Group recording a PBT margin of 12.34% in FYE 2020.

## FYE 2021 compared to FYE 2020

Our Group recorded an increase in PBT by RM5.09 million or 156.39% to RM8.34 million in FYE 2021 (FYE 2020: RM3.25 million) which was in line with the increase in GP. Similarly, our PBT margins improved to 19.25% in FYE 2021 (FYE 2020: 12.34%) as a result of an improvement in GP margins in FYE 2021.

## FYE 2022 compared to FYE 2021

Our Group recorded an increase in PBT of RM2.52 million or 30.16% to RM10.86 million in FYE 2022 (FYE 2021: RM8.34 million) which was in line with the increase in GP. However, our PBT margin decreased from 19.25% in FYE 2021 to 10.94% in FYE 2022. The decrease in PBT margin was mainly due to the lower GP margin, and increase in finance costs and administrative expenses.

#### 11.3.8 Taxation

	Audited								
	FYE 2019	FYE 2020	FYE 2021	FYE 2022					
Income tax expense (RM'000)	91	(725)	(2,552)	(1,972)					
Effective tax rate (%) (1) Statutory tax rate (%)	(11.39)	22.28	30.59 24.00	18.16 24.00					

#### Note:

(1) Effective tax rate is calculated based on income tax expense divided by (LBT)/PBT.

Our effective tax rate was 11.39% in FYE 2019 which is lower than the statutory tax rate as we recorded a LBT of RM0.80 million. In FYE 2020, our effective tax rate was 22.28% which is also lower than the statutory tax rate as our Group has benefited from tax incentive under Solare Truss and the utilisation of unabsorbed business losses carried forward and capital allowances. Further, our effective tax rate for FYE 2021 was 30.59% which is higher than the statutory tax rate for the FYE 2021 as we no longer benefited from the tax incentive as well as higher non tax deductible expenses.

Our effective tax rate was 18.16% for the FYE 2022, which is lower than the statutory tax rate due to deferred tax assets recognised upon the issuance of ICPS. In the event that the deferred tax assets recognised upon the issuance of ICPS is excluded, the effective tax rate will be 24.62%.

# 11.3.9 (LAT)/PAT and PAT margin

		Audited								
	FYE 2019	FYE 2020	FYE 2021	FYE 2022						
(LAT)/PAT (RM'000)	(708)	2,529	5,791	8,887						
PAT margin (%) (1)	-	9.59	13.36	8.95						

#### Note:

PAT margin is calculated based on PAT divided by revenue.

#### FYE 2020 compared to FYE 2019

We recorded a PAT of RM2.53 million in FYE 2020 and PAT margin of 9.59% which was consistent with the growth in our profit and PBT margin for the year.

# FYE 2021 compared to FYE 2020

Our PAT improved by RM3.26 million or 128.98% to RM5.79 million in FYE 2021 (FYE 2020: RM2.53 million) following the improvement in our PBT. Similarly, our PAT margin had also improved from a PAT margin of 9.59% in FYE 2020 to 13.36% in FYE 2021. Our PAT and PAT margin were generally consistent with the growth in PBT and PBT margin in FYE 2020 and FYE 2021 after taking into account the effects of income tax expense.

## FYE 2022 compared to FYE 2021

Our Group recorded an increase in PAT by RM3.10 million or 53.46% to RM8.89 million in FYE 2022 (FYE 2021: RM5.79 million). Our PAT margin decreased from 13.36% in FYE 2021 to 8.95% in FYE 2022. Our PAT and PAT margin were generally consistent with the PBT and PBT margin in FYE 2022 after taking into account the effects of income tax expense.

## 11.3.10 Significant factors materially affecting our operations and financial results

Our business operations and financial conditions have been and will continue to be affected by internal and external factors including, but not limited to, the following:

# (i) Our operations and financial results are driven by the performance of the RE sector specifically the solar PV industry

Our Group are involved in RE principally in the provision of solar PV construction related services, as well as the solar power generation and supply. Therefore, our operations and financial results are driven by the performance of the RE sector specifically the solar PV industry. The performance of the solar PV industry in Malaysia is driven by Government initiatives and policies such as the introduction of various solar PV programmes, tax incentives, rural electrification programmes and policies to increase the use of RE (Source: Industry Overview). Please refer to Section 7 of this Prospectus for further details on the Government initiatives and policies.

In 2020, being the latest available statistics, Peninsular Malaysia's electricity reserve margin was 32.0%, higher than the optimum level of 30.0%. In 2018, the Government terminated 4 newly awarded independent power producer contracts with a combined total capacity of 2,800 MW given the high reserve margin. A high reserve margin may also mean that there may not be an urgency to develop additional power generating facilities due to excess capacity. (Source: Industry Overview)

Notwithstanding the above, in September 2021, the 12<sup>th</sup> Malaysia Plan was introduced and some of the plan for the RE industry including the solar PV industry is as follow:

- the renewable resources industry will be encouraged to venture into floating solar and waste-to-energy projects to meet the 31% renewable target of total installed capacity through the existing financing options including solar leasing programmes and PPA:
- the rural electrification programme which involves grid connection, small hydro, solar hybrid and solar PV facilities will be continued to provide electricity to additional 28,000 houses towards achieving 99% target of coverage in the rural area;
- a new mechanism for green energy will be explored to encourage consumers to buy energy directly from renewable energy generators to meet their environmental, social and governance (ESG) commitment;
- the implementation of existing mechanisms which provide consumers with the option to purchase renewable energy without having to install their solar PV facilities or other renewable energy installations will also be further promoted; and
- the implementation of the Green City Action Plan in Sabah and Sarawak to build or install more renewable energy equipment such as solar PV equipment, energy efficient street lighting, low carbon buildings and integrated solid waste management.

(Source: Industry Overview)

According to the Industry Overview, the Ministry of Energy and Natural Resources is committed to the use of renewable resources for power generation with a target of 31% of the total installed capacity in Malaysia coming from renewable resources in 2025 and 40% in 2035 under Malaysia's Energy Transition Plan. As such, our Group remain positive on the RE sector's long term prospects in Malaysia.

Moving forward, we will continue to expand our solar PV business as well as solar power generation and supply to enlarge our recurrent revenue stream. Meanwhile, we also plan to leverage our experience and track record in the RE sector, specifically in the EPCC and subcontracted works for solar PV facilities, to expand into the EPCC of biogas plants to grow our business. There is no assurance that our business, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Sections 6.10 and 7 of this Prospectus for further details on our business strategies and the industry analysis on the solar PV industry in Malaysia, respectively.

## (ii) Continuity of our order book

As the nature of our business is mainly project based where our revenue is derived from the execution and completion of EPCC, and the construction and installation of solar PV facilities, our projects are short to medium term where the typical contract period are as follows:

- (i) EPCC of rooftop solar PV facilities within 12 months;
- (ii) EPCC of LSS PV plant projects up to 18 months; and
- (iii) Subcontracting construction and installation services within 7 months.

In this respect, our financial performance is dependent on our ability to continually secure new projects as well as to complete the projects promptly. Solar PV projects are typically awarded based on competitive bidding or request for proposals. As such, we have to submit bids and proposals to compete against other service providers to continually secure new projects. There is a risk that we may not be able to secure sufficient new and sizeable projects to sustain our business which would materially affect our future financial performance.

Please refer to Section 11.3.13 of this Prospectus for further details on our order book.

#### (iii) Competition

According to the Industry Overview, there were 142 CIDB registered contractors for solar PV facilities with a capacity exceeding 72 kW and 209 SEDA registered solar PV service providers as at 1 September 2022. Our Group has to compete with both local and foreign contractors in terms of pricing, financing capability, technical and solution capabilities, track records and quality of services offered.

Nevertheless, our competitive strengths enable us to compete effectively in the industry that we are operating in, which are set out as follows:

- (i) We have the experience and a proven track record in carrying out EPCC of solar PV facilities and subcontracting works for LSS PV plants to serve as a platform for business growth;
- (ii) We have an experienced technical and management team;
- (iii) We have a proven track record in completing projects for our EPCC and subcontracted works for solar PV facilities;
- (iv) Our business model in the EPCC and subcontracted works for solar PV facilities is supplemented by the supply of solar power generated from the assets that we owned to provide us with recurrent revenue; and
- (v) We work with solar PV investors who will fund the installation of solar PV facility and facilitate growth of our EPCC of solar PV facility business.

Although we will continue to take measures to maintain our competitiveness through our competitive advantages and key strengths set out in Section 6.1.2 of this Prospectus, there is no assurance that our business, profit margin, performance and results of operations will not be materially and adversely affected if we are unable to do so. Please refer to Sections 7 and 8 of this Prospectus for further details on the industry analysis on the solar PV industry in Malaysia and the risk factors, respectively.

#### (iv) Unanticipated increase in project cost and delay in completion

Due to the nature of our projects, we are subject to project management risks such as cost risk, schedule risk, performance and operational risk which would typically give rise to unanticipated increase in project cost or cost overrun and delay in completion of projects. Such risks can be due to poor project cost estimation and building, change of scope of work and design, poor project administration in terms of procurement and communication, poor project site management in terms of construction and coordination works as well as factors beyond our control such as weather, fluctuation in the price of materials and equipment, fluctuation in foreign currency exchange, delay or disruption in the supply of materials or contracting services from third parties, untimely receipts of relevant licences, regulatory approvals and permits, availability of financing and accessibility to project sites.

Our Group's revenue and profitability is subject to our ability to compete and deliver our projects in accordance with the project milestones stated in the contracts and within our project budget. While we are experienced in estimating costs for the submission of tenders or proposals, there is no assurance that we may not face any unanticipated cost increases which may adversely affect our financial performance.

Please refer to Sections 6.3.11 and 8 of this Prospectus for further details on the impact of COVID-19 on our business and operations, and risk factors, respectively.

## (v) Potential defect liability claims and warranties

Being a provider of EPCC services, we are exposed to the risk of defect liability claims by our customers as a result of the defects in our EPCC works during the defect liability period.

For our EPCC of solar PV facilities, we provide warranties for solar PV modules, inverters and facility defects. We have back-to-back arrangements with equipment manufacturers to replace faulty equipment at no cost to us but we are required to bear the costs of physically replacing the affected equipment.

For solar power generation and supply, we provide limited system warranty and performance ratio guarantee in the form of minimum performance ratio that can be achieved as stipulated in the contract. If we are unable to promptly rectify the problems that cause our solar PV facility to generate solar power below the stipulated performance ratio, our customers may make material claims that may adversely affect our financial performance.

Generally, we are not legally and financially responsible for claims against manufacturers of the products that we use as such warranties will be covered by the product manufacturers. Please refer to Sections 6.3.2.1 (i) and 8 of this Prospectus for further details on the warranties and the risk factor in relation to the risk of claims against facility and equipment defect, and systems warranty and performance ratio guarantee.

# (vi) Impact of outbreaks of diseases such as the COVID-19 pandemic

Between March 2020 and up to the LPD, there were several MCO measures implemented including full and partial lockdown containment measures and restrictions imposed.

Generally, our business was impacted due to containment measures during the MCO period between 18 March 2020 and 4 May 2020 as well as various phases of the NRP which commenced on 1 June 2021, where our project worksite operations were suspended or were operating at below full capacity. The interruptions in business operations had an impact on our project execution and implementation as well as our billing schedules for our EPCC and subcontracting solar PV projects.

The outbreak of COVID-19 or any epidemics or pandemics may potentially affect our business operations and financial performance. Please refer to Section 8.1.7 of this Prospectus for further details on the risk pertaining to the COVID-19 pandemic.

#### (vii) Impact of foreign exchange

For the Financial Year under Review, our purchases of materials such as solar PV modules and inverters are sourced both locally and from overseas and are usually quoted in USD. We usually obtain quotes and lock in the prices with suppliers for our projects during the bidding and/or negotiation stage with our customers. Hence, any adverse fluctuation in the foreign currency exchange after this stage up to our actual purchases of these materials may affect the cost of purchase and thus our project margin and operating profits, if we are not able to revise our bidding proposal.

During the FYE 2022 and FYE 2021, the purchases of materials namely solar PV modules were mainly sourced from overseas and transacted in USD, while during the FYE 2019 and FYE 2020, the purchases of solar PV modules were sourced from both overseas and locally.

For the FYE 2019, our financial performance was not materially affected by the impact of fluctuation in foreign exchange on our purchases. Nevertheless, for the FYE 2020, FYE 2021 and FYE 2022, we incurred losses on foreign exchange of RM0.16 million, RM0.17 million and RM0.21 million, respectively. Our management constantly monitors the movements of USD against RM with the aim of assessing such potential exposure/risk with due regard to its payables denominated in USD and if the need arises, to enter into hedging arrangement for the same. As at the LPD, our management does not utilise any financial instruments for hedging purposes.

#### (viii) Impact on interest rate fluctuations

Bank borrowings are important sources of funding for our operations. As at 31 March 2022, our Group's total borrowings of RM52.87 million consist of term loans, lease liabilities, bank overdraft, bankers' acceptances and ICPS. Save for the lease liabilities and ICPS which are charged on a fixed rate, the interest rates for our term loans and bankers' acceptances are mainly based on the prevailing bank's base lending/financing rate plus or minus a margin agreed with our banking institutions when the respective loans and borrowings were granted.

In this respect, an increase in interest rates may impact our financial performance including profitability and margins. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings.

The sensitivity analysis for interest rate risk is set out in the Accountants' Report under Section 12 of this Prospectus.

## (ix) Impact of Government/economic/fiscal/monetary policies

Our business is subject to the risks relating to government, economic, fiscal or monetary policies. Any unfavourable changes in the government policies, economic conditions or fiscal or monetary policies may materially affect our operations in Malaysia. For further details, please refer to Risk Factors in Section 8.2.5 of this Prospectus.

## (x) Impact of inflation

Our financial performances for the Financial Years Under Review were not materially affected by the impact of inflation. However, there can be no assurance that future inflation would not have an impact on our business and financial performance.

#### 11.3.11 Liquidity and capital resources

# (i) Working capital

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institution as well as our existing cash and bank balances as well as fund raise from issuance of new shares.

As at the LPD, our Group has a combined limit for trade facilities of RM123.55 million, of which RM28.06 million was unutilised. In addition, our cash and bank balances as at the LPD is RM43.13 million.

Based on the above and after taking into consideration of the funding requirements for our committed capital expenditure, existing level of cash and bank balances, expected cash flows to be generated from our operations, credit facilities available and the estimated net proceeds from our Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

## (ii) Cash flow

The following is our cash flow for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 based on our combined financial statements. This should be read in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

_		Audi	ted			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022		
<u>-</u>	RM'000	RM'000	RM'000	RM'000		
Net cash (used in)/from operating activities	(616)	351	(1,202)	(27,710)		
Net cash (used in)/from investing activities	(278)	(510)	(250)	(14,955)		
Net cash (used in)/from financing activities	(1,005)	756	15,734	29,326		
Net (decrease)/increase in cash and cash equivalents	(1,899)	597	14,282	(13,339)		
Cash and cash equivalents at the beginning of the financial year	2,237	333	948	15,230		
Effects of exchange rate changes on cash and cash equivalents	(5)	18	-	-		
Cash and cash equivalents at the end of the financial year <sup>(1)</sup>	333	948	15,230	1,891		

#### Note:

(1) Components of cash and cash equivalents are set out below:

		Aud	ited	
		As at 31	March	
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,103	1,730	8,220	4,326
Short-term deposits with licensed bank	180	289	8,653	15,781
	1,283	2,019	16,873	20,107
Less: Pledged deposits	(180)	(289)	(1,136)	(15,687)
Less: Bank overdraft	(770)	(782)	(507)	(2,529)
	333	948	15,230	1,891

There is no legal, financial or economic restriction on our subsidiaries' ability to transfer/received funds to/from our Company in the form of cash dividends, loans or advances, subject to the availability of distribute reserves, loans or advances in compliance with any applicable financial covenant.

## **FYE 2019**

## Net cash from operating activities

For the FYE 2019, our operating loss before working capital changes were RM0.39 million. After adjusting for the following key items, our net cash used in operating activities was RM0.62 million:

- (i) decrease in trade and other payables of RM1.34 million mainly due to settlement of other payables due to reversal of deposits from customer of RM0.90 million;
- (ii) decrease in contract assets of RM0.49 million following milestone billing to customers for the installation of solar PV systems;
- (iii) increase in contract liabilities of RM0.46 million due to receipt of deposits and down payments from customers, which are pending signing of contracts;
- (iv) decrease in trade and other receivables of RM0.36 million due to collection of outstanding trade debts;
- decrease in inventories of RM0.09 million mainly due to delivery of materials to project site towards the year end;
- (vi) payment on income tax of RM0.21 million; and
- (vii) payment of finance cost of RM0.07 million.

#### Net cash used in investing activities

For the FYE 2019, our Group recorded net cash used in investing activities of RM0.28 million mainly due to the followings:

- (i) increase in renovation works for our storage facility in Shah Alam of RM0.21 million, purchases of furniture and fittings for our storage facility in Shah Alam of RM0.07 million and purchase of equipment (i.e. pile driver) for project use of RM0.12 million; and
- (ii) proceeds received from disposal of other investments in other companies amounting to RM0.16 million.

## Net cash used in financing activities

For the FYE 2019, our Group recorded net cash used in financing activities of RM1.01 million mainly due to the dividend payment of RM1.20 million to the shareholders of our Company, interest paid of RM0.21 million and offset by the net drawdown of borrowings of RM0.40 million.

## **FYE 2020**

## Net cash from operating activities

For the FYE 2020, our operating profit before working capital changes were RM3.82 million. After adjusting for the following key items, our net cash from operating activities was RM0.35 million:

- increase in trade and other receivables of RM8.83 million due to increase in trade receivable of RM8.15 million which was in line with the higher progress billings as a result of more projects executed during the FYE 2020;
- (ii) increase in trade and other payables of RM5.36 million mainly due to increase in trade payables of RM4.64 million in line with higher purchase of materials and services. Other payables also increased by RM1.03 million mainly due to advances from directors for the purchase of solar panels of RM0.50 million;
- (iii) increase in contract liabilities of RM4.29 million mainly due to advances from customer as at the financial year end;
- (iv) increase in contract assets of RM3.47 million mainly due to work completed but pending certification for billings;
- increase in inventories of RM0.61 million mainly due to the implementation of MCO and temporary suspension of work at project site;
- (vi) payment on income tax of RM0.13 million; and
- (vii) payment of finance cost of RM0.08 million.

## Net cash used in investing activities

For the FYE 2020, our Group recorded net cash used in investing activities of RM0.51 million mainly due to the followings:

- (i) increase in capitalisation of solar assets for income generation of RM0.11 million, purchases of furniture and fittings and equipment for our storage facility in Shah Alam of RM0.07 million, purchase of equipment for project use of RM0.10 million as well as purchase of vehicles for site purposes of RM0.26 million; and
- (ii) sales proceeds received from the disposal of other investments in other companies amounting to RM0.13 million.

## Net cash used in financing activities

For the FYE 2020, our Group recorded net cash from financing activities of RM0.76 million mainly due to the followings:

- (i) net drawdown of borrowings of RM0.55 million and interest paid of RM0.15 million; and
- (ii) proceeds received from the issuance of ordinary shares to Stellar One of RM1.50 million.

#### **FYE 2021**

## Net cash from operating activities

For the FYE 2021, our operating profit before working capital changes were RM9.45 million. After adjusting for the following key items, our net cash used in operating activities was RM1.20 million:

- decrease in contract liabilities of RM4.20 million mainly due to work completed and have been recognised as revenue;
- iii) increase in trade and other receivables of RM3.66 million due to increase in trade receivable which was in line with the higher progress billing as a result of more projects executed during FYE 2021;
- (iii) decrease in trade and other payables of RM1.30 million mainly due to settlement of other payables comprising settlement of advances from directors of RM0.50 million and reversal of advance payment from customer of RM0.30 million;
- (iv) increase in contract assets of RM0.76 million mainly due to services performed but pending billing to customers;
- decrease in inventories of RM0.15 million mainly due to delivery of materials to project site towards the year end;
- (vi) payment of income tax of RM0.84 million; and
- (vii) payment of finance cost of RM0.06 million.

#### Net cash used in investing activities

For the FYE 2021, our Group recorded net cash used in investing activities of RM0.25 million mainly due to the followings:

- net of cash acquired from the acquisition of subsidiaries namely Suntech Energy and Vafe System amounting to RM1.47 million as contained in Note 27 of the Accountants' Report as set out in Section 12 of this Prospectus;
- (ii) increase in capitalisation of solar assets for income generation amounting to RM0.87 million; and
- (iii) increase in pledged deposit of RM0.85 million for finance facilities granted to our Group.

### Net cash from financing activities

For the FYE 2021, our Group recorded net cash from financing activities of RM15.73 million mainly due to the followings:

- (i) proceeds received from the issuance of RCPS to Basil Power of RM16.00 million;
- (ii) dividend payment of RM1.00 million to our shareholders which was declared in FYE 2020.

#### **FYE 2022**

## Net cash used in operating activities

For the FYE 2022, our operating profit before working capital changes was RM15.15 million. After adjusting for the following key items, our net cash used in operating activities was RM27.71 million, which were mainly due to the following:

- (i) increase in inventories of RM1.95 million mainly due to purchase of solar panels towards the end of the financial year;
- increase in trade and other receivables of RM13.06 million due to increase in prepayment made to suppliers and subcontractor;
- (iii) increase in trade and other payables of RM2.55 million mainly due to additional purchases and services towards the end of the financial year;
- (iv) increase in contract liabilities of RM18.71 million mainly due to advance payment received from customers;
- increase in contract assets of RM41.59 million mainly due to services performed but pending billing to customers as the services have yet to achieve the billing milestones based on the contracts and/or pending certification by the customers;
- (vi) payment of income tax of RM2.51 million; and
- (vii) increase in finance cost of RM2.54 million due to additional term loans for the financing of our solar assets and acquisition of Suntech Energy.

# Net cash used in investing activities

For the FYE 2022, our Group recorded net cash used in investing activities of RM14.96 million mainly due to increase in pledged deposits for the drawdown of trade facilities granted to our Group.

## Net cash from financing activities

For the FYE 2022, our Group recorded net cash from financing activities of RM29.33 million mainly due to the following:

- proceeds raised from the allotment and issuance of ordinary shares in Fabulous Sunview of RM22.00 million arising from the Pre-IPO Fund Raising;
- (ii) payments of borrowings amounting to RM1.56 million; and
- (iii) the drawdown of additional term loans of RM12.00 million.

## (iii) Borrowings

For the Financial Years Under Review, our borrowings are all interest-bearing as set out below:

******		As a	31 March 2	019	As at	31 March 2	2020	As a	t 31 March 2	2021	As a	31 March 2	022
	Notes	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000									
Term loans	(1)	309	1,923	2,232	259	1,662	1,921	2,332	23,231	25,563	2,812	38,753	41,565
Lease liabilities	(2)	66	101	167	105	131	236	166	3,345	3,511	610	3,979	4,589
RCPS	(3)	-	-	-	-	-	_	_	16,311	16,311		-	-
Bank overdrafts	(4)	770	-	770	782	•	782	507	-	507	2,529	-	2,529
Bankers' acceptance	(5)	779	-	779	541	-	541	944	-	944	467	-	467
ICPS	(6)	-	-	-	-	•	-	-	-	u	3,719	-	3,719
Total	I	1,924	2,024	3,948	1,687	1,793	3,480	3,949	42,887	46,836	10,137	42,732	52,869

#### Notes:

- (1) Term loans were used for the installation works for NEM projects, purchase of property, redemption of our existing term financing facilities and working capital.
- (2) Lease liabilities were mainly used for hire purchase and arising from rights-of-use of assets.
- (3) RCPS, which were subsequently redeemed via the issuance of ICPS to Basil Power subsequent to the FYE 2021. Please refer to Section 4.1.1 of this Prospectus for further details of the RCPS Redemption and issuance of ICPS.
- (4) Bank overdrafts were used for working capital purposes.
- (5) Bankers' acceptance was utilised to finance bank guarantee for our business operations.
- (6) ICPS were mainly used to finance the working capital of our Company. The ICPS were subsequently converted to Fabulous Sunview Shares after FYE 2022. Please refer to Section 4.1.2 of this Prospectus for further details of the ICPS Conversion.

The details of the types of credit facilities that we have secured and its balance unutilised as at the LPD are as follows:

Type of financial instruments	Tenure	Effective interest rate per annum	Credit limit RM'000	Balance unutilised as at the LPD RM'000
Term loans				
- Fabulous Sunview	Up to 20 years	3.50% - 7.90%	18,112	1,388
- Solarcity REIT	Up to 12 years	3.92%	11,363	1,148
- Suntech Energy	Up to 14 years	3.90% - 5.58%	12,300	745
- Vafe System	10 years	4.74%	6,000	1,576
Lease liabilities				
- Fabulous Sunview	5 to 7 years	2.14% - 3.80%	2,592	657
- Suntech Energy	9 years	2.34%	2,817	311
- Vafe System	22 years	6.32%	598	105
Bank overdraft				
- Fabulous Sunview	On demand	2.50% – 7.45%	4,521	1,221
Trade Line <sup>(1)</sup>				
- Fabulous Sunview	On demand	1.20% - 4.91%	11,000	8,662
Contract Financing <sup>(1)</sup>				
- Fabulous Sunview	On demand	1.20% - 6.40%	108,032	18,177
Total				33,990

## Note:

 Comprises of letter of credit, trust receipt, bankers' acceptance, invoice financing and bank guarantee.

As at the LPD, all our borrowings were interest bearing and denominated in RM. We have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings for the Financial Years Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there are no restrictions on our committed borrowing facilities.

As at the LPD, we have not breached any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect the financial position and results of our business operations or investment holders of our securities.

As at the LPD, save as disclosed above, we did not use any other financial instruments.

## (iv) Treasury policies and objectives

We have been funding our operations through shareholders' equity, cash generated from our operations, and external sources of funds.

The external source of funds consists of credit terms granted by our suppliers as well as borrowings from financial institutions. The normal credit term granted by our suppliers ranges from the date of invoices to 90 days.

As at the LPD, our borrowings from financial institutions mainly consist of the following:

- (a) Term loans used to fund the acquisitions of Suntech Energy and Vafe System, installation works for NEM projects, purchase of property, redemption of our existing term financing facilities and working capital;
- (b) Lease liabilities mainly used for hire purchase and arising from rights-of-use of assets;
- (c) Bank overdrafts for working capital purposes; and
- (d) Trade line and contract financing used to finance our working capital and business operations.

The interest rates of our borrowings were based on a combination of fixed rates and floating rates.

# (v) Type of financial instruments used

As at the LPD, save for borrowings as disclosed in Section 11.3.11 (iii) of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are mainly used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, short-term investments, fixed deposits with licensed banks and trade and other receivables, as well as financial liabilities such as borrowings, and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at the LPD, we do not use any financial instruments for hedging purposes.

# (vi) Material contingent liabilities

As at the LPD, we do not have any contingent liability which will or may substantially affect our financial results or position upon becoming enforceable.

#### (vii) Bank guarantees

As at the LPD, save as disclosed below, there are no material bank guarantees incurred by our Group, which will or may substantially affect our financial results or position upon becoming enforceable:

	RM'000
Bank guarantees	60,621

As at the LPD, the RM60.62 million bank guarantees were mainly utilised for performance bonds, advance payment bond, defect liability bond and tender bid bond for the following projects:

- (a) a 100.00 MWac project located in Marang, Terengganu with contract value of RM8.02 million. The total amount of bank guarantee is RM0.20 million;
- (b) a 50.00 MWac project located in Pulau Pinang with contract value of RM188.39 million. The amount of bank guarantees are RM33.84 million;

- (c) a 5.00 MWac project located in Labuan with contract value of RM20.60 million. The amount of bank guarantee is RM2.00 million; and
- (d) a 50.00 MWac project located in Bidor, Perak with contract value of RM157.55 million. The amount of bank guarantee is RM23.63 million.

## (viii) Material litigation, claims or arbitration

As at the LPD, neither our Company nor our subsidiaries are involved in any legal actions, proceedings, prosecution or arbitration, either as plaintiff or defendant, which may have a material adverse effect on our business operations or financial position, and our Directors confirm that our Group is not involved in any legal proceeding, and is not aware of any pending or threatened legal proceeding, or of any fact that would give rise to any legal proceedings which may have a material adverse effect on our business operations or financial position.

## (ix) Capital expenditure and divestiture

#### Capital expenditure

Our capital expenditure for the Financial Years Under Review up to the LPD, are as follows:

		Unaudited			
Capital expenditure	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 <sup>(1)</sup> RM'000	FYE 2022 RM'000	1 April 2022 up to the LPD RM'000
Furniture and fittings	76	16	15	59	-
Computer and software	18	27	79	242	140
Motor vehicles	-	83	-	11	-
Office equipment	42	16	4	6	7
Renovation	210	167	102	83	25
Solar equipment	159	83	33,337	5,773	19
Right-of-use assets	-	285	3,698	1,745	687
Total	505	677	37,235	7,919	878

#### Note:

# (1) Comprises the following:

Capital expenditure	Acquisition of subsidiaries RM'000	Additions RM'000	Total RM'000	
Furniture and fittings	9	6	15	
Computer and software	25	54	79	
Office equipment	4	-	4	
Renovation	102	-	102	
Solar equipment	26,723	6,614	33,337	
Right-of-use assets	3,698	-	3,698	
Total	30,561	6,674	37,235	

For the FYE 2020, our capital expenditure increased by RM0.17 million or 34.06% to RM0.68 million (FYE 2019: RM0.51 million) which was mainly due to increase in right-of-use assets of RM0.29 million arising from motor vehicles and solar equipment under finance lease arrangement.

Our capital expenditure increased by RM6.00 million to RM6.67 million in the FYE 2021 (FYE 2020: RM0.68 million) mainly due to the commission of our assets used for solar power generation.

For the FYE 2022, our capital expenditure decreased by RM29.32 million or 78.73% to RM7.92 million (FYE 2021: RM37.24 million) which was mainly due to the decrease in solar equipment under finance lease arrangement and recognising right-of-use assets arising from motor vehicles. The decrease in solar equipment was due to the higher amount recognised pursuant to the acquisition of subsidiaries in FYE 2021.

Subsequent to the Financial Years Under Review and up to the LPD, our Group has completed and commissioned all of our solar assets.

## Capital divestiture

For the Financial Years Under Review and up to the LPD, our Group had no material capital divestitures.

## (x) Material capital commitment

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

# (xi) Key financial ratios

The following table sets forth the key financial ratios based on our Group's combined financial statements for the financial years indicated below:

	Audited					
	FYE 2019	FYE 2020	FYE 2021	FYE 2022		
Trade receivables turnover period (days)(1) ^	53	124	100	33		
Trade payables turnover period (days)(2)^	28	90	55	95		
Inventories turnover period (days)(3)^	56	23	13	14		
Current ratio (times)(4)	1.18	1.22	1.09	1.67		
Gearing ratio (times) <sup>(5)</sup>	1.78	0.66	4.19	0.97		

# Notes:

- ^ In computing the ratio for the FYE 2021, the financial results of Suntech Energy and Vafe System have been excluded.
- (1) Based on trade receivables of the respective financial years over total revenue of the respective financial years, and multiplied by 365 days.
- (2) Based on trade payables of the respective financial years over total cost of sales of the respective financial years, and multiplied by 365 days.
- (3) Based on inventories of the respective financial years over total cost of sales of the respective financial years, and multiplied by 365 days.
- (4) Based on current assets over current liabilities.
- (5) Based on total borrowings over total equity.

#### (a) Trade receivables

The normal credit terms granted to our customers ranging from the date of invoices up to 60 days. The credit terms to our customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as background and creditworthiness of customers, the business relationships with our customers. For solar PV power plant projects under the FiT programme that we secured, our customers who are the project owners and/or developers had secured project financing from financial institutions and thus payments for our EPCC services are disbursed directly by the project owner's financier to us based on project milestone and progress claims.

Our trade receivables turnover period for the FYE 2019 was 53 days and increased to 124 days in the FYE 2020 mainly due to 2 major customers who took longer time to make payment as 1 of these 2 customers took longer time for internal processing to verify the claim prior to making payment while the payment from the other customer is dependent on collection of payment from the project owner. However, we have been receiving consistent repayment from these customers over the period with no overdue amount of more than 1 year and receipt of partial payment every 1 month to 2 months.

For the FYE 2021, our trade receivables turnover period decreased from 124 days to 100 days mainly due to partial settlement made from the abovementioned 2 major customers and consistent follow up by our Group with customers on settlement of payment. However, the turnover period is longer than our normal credit terms of 60 days mainly due to the longer time taken by our customers to make payment arising from the COVID-19 pandemic.

For the FYE 2022, our trade receivables turnover period is 33 days which is within the normal credit period granted to our customers.

Our trade receivables ageing analysis as at 31 March 2022 is as follows:

	Within credit	Exceed credit period (past due days)					
	period	1 - 30	31 - 60	61 - 90	91 - 120	Over 120	Total
Trade receivables (RM'000)	2,632	1,485	159	435	334	4,161	9,206
Less: Impairment losses (RM'000)	_	-	_	-	-	(107)	(107)
Net trade receivables (RM'000)	2,632	1,485	159	435	334	4,054	9,099
Proportion of total net trade receivables (%)	28.93	16.32	1.75	4.78	3.67	44.55	100.00
Subsequent collections as at the LPD (RM'000)	(1,478)	(1,303)	(9)	(55)		(1,434)	(4,279)
Net trade receivables after subsequent collections (RM'000)	1,154	182	150	380	334	2,620	4,820
Proportion of trade receivables after subsequent collections (%)	23.94	3.78	3.11	7.88	6.93	54.36	100.00

As at the LPD, RM4.28 million or 47.03% of our total trade receivables outstanding have been collected. The remaining of RM4.82 million or 52.97% of the total trade receivables were still outstanding as at the LPD.

Meanwhile, RM3.67 million or 76.06% of the outstanding amount exceeded the credit period. This was mainly attributed to, among others, some customers which require longer internal processing time to verify the claim before making the payment to us. These customers are not our major customers. Our Board is of the opinion that the remaining amount outstanding as at LPD is recoverable and no further impairment of trade receivables is required after taking into consideration of the customers' credentials, payment track record as well as our relationship with them.

## (b) Trade payables

The normal credit period extended by our suppliers and subcontractors to our Group ranges from the date of invoices to 90 days. Our trade payables turnover period for the FYE 2019 to FYE 2021 ranges between 28 days to 90 days which was within the credit period granted by our suppliers and subcontractors due to the following reasons:

- (i) additional projects executed during the FYE 2020 as compared to FYE 2019; and
- (ii) prudent cash flow management due to prolonged credit period arising from the implementation of MCO.

For the FYE 2021, the trade payables turnover period decreased to 55 days mainly due to prompt payments made to our subcontractors in order to strengthen our business relationships with them, and garner stronger commitment and support from them with the aim to ensure they deliver their subcontracted works with quality and in a timely manner.

For the FYE 2022, our trade payables turnover period increased to 95 days which is slightly above the credit period of 90 days mainly due to purchase of solar panels towards the end of the financial year.

Our trade payables ageing analysis as at 31 March 2022 is as follows:

	Within credit					) Over	
	period	1 - 30	31 - 60	61 - 90	91 - 120	120	Total
Trade payables (RM'000)	10,840	2,749	2,424	1,219	269	3,115	20,616
Proportion of total trade payables (%)	52.58	13.33	11.76	5.92	1.30	15.11	100.00
Subsequent payments as at the LPD (RM'000)	(8,269)	(1,717)	(1,974)	(970)	(46)	(840)	(13,816)
Net trade payables after subsequent collections (RM'000)	2,571	1,032	450	249	223	2,275	6,800
Proportion of trade payables after subsequent payments (%)	37.81	15.18	6.62	3.66	3.28	33.45	100.00

As at the LPD, RM13.82 million or 67.02% of our total trade payables outstanding have been paid. The remainder of 32.98% or RM6.80 million were still unpaid as at the LPD. These trade payables which remained unpaid were mainly due to our working capital management strategy to match the timing payments to our trade creditors with the collections from our clients. Utilisation of credit term granted by our suppliers helps to reduce the utilisation of our trade facilities and finance costs.

As at the LPD, there are no disputes and no letters or notices of demand being issued by our suppliers in relation to the outstanding amount. Our Directors confirm that our Group is not involved in any legal proceeding, and is not aware of any pending or threatened legal proceeding or any fact likely to give rise to any potential legal action by our suppliers for the outstanding amount. We do not expect any dispute with, and any letter or notice of demand to be issued by, our suppliers in relation to the outstanding amount.

#### (c) Inventories turnover

The table below sets out a summary of our Group's inventories for the Financial Years Under Review:

	Audited as at 31 March			
	2019	2020	2021	2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Opening inventories	751	659	1,266	1,120
Closing inventories	659	1,266	1,120	3,066
Cost of sales	4,322	20,243	30,464	78,917
Average inventories turnover period (days) (1)	56	23	13	14

#### Note:

(1) This is computed based on the ending balance of inventories over our cost of sales for the respective financial year multiplied by 365 days.

It is our Group's general practice to maintain adequate level of materials to reduce the risk of disruption, of which is aimed to ensure timely delivery of our projects.

Our inventories turnover period decreased from 56 days as at 31 March 2019 to 23 days as at 31 March 2020. This is mainly attributable to active project execution in tandem with the increase in revenue resulting in fast moving of our inventories.

Our inventory turnover period has further reduced to 13 days as at 31 March 2021 mainly due to the same reason as mentioned above.

Our inventories turnover period of 14 days as at 31 March 2022 is relatively consistent with the inventories turnover period in the previous financial year.

Our Group practices first-in-first-out basis in computing the cost of inventories in the preparation of our accounting report. The costs are generally computed based on the first-in-first-out cost of the inventories and includes value of good purchased and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

We assess whether inventories should be impaired by identifying slow moving inventories during periodic stock count, obsolete inventories will be written down to their net realisable value while damaged/stolen inventories will be written off. As at the LPD, there aren't any impairment made to the inventories.

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#### (d) Current ratio

Our current ratio, current assets and current liabilities for the Financial Years Under Review are as follows:

	Audited as at 31 March			
	2019	2020	2021	2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Current assets Current liabilities Net current assets	4,597	18,144	41,238	101,069
	3,907	14,869	37,880	60,413
	690	3,275	3,358	40,656
Current ratio (times) (1)	1.18	1.22	1.09	1.67

#### Note:

(1) This is computed based on total current assets over total current liabilities as at the end of the respective financial year.

Our current ratio ranges from 1.09 times to 1.67 times for the Financial Years Under Review, indicating that our Group is capable of meeting our short-term obligations as our current assets such as inventory and trade receivables are readily converted to cash.

Our current ratio increased slightly from 1.18 times as at 31 March 2019 to 1.22 times as at 31 March 2020.

Our current ratio decreased from 1.22 times as at 31 March 2020 to 1.09 times as at 31 March 2021 due to the outstanding purchase consideration to be settled pursuant to the acquisitions of Vafe System and Suntech Energy. Please refer to Section 4.1.1 of this Prospectus for further details of the acquisitions of Vafe System and Suntech Energy.

Our current ratio increased from 1.09 times as at 31 March 2021 to 1.67 times as at 31 March 2022. The increase in the current ratio was mainly due to the increase in contract assets and the Pre-IPO Fund Raising.

## (e) Gearing ratio

Our gearing ratio throughout the Financial Years Under Review is as follows:

	Audited as at 31 March						
	2019 2020 2021 (RM'000) (RM'000) (RM'000) (						
Total borrowings (including lease liabilities)	3,948	3,480	46,836	52,869			
Total equity	2,224	5,253	11,188	54,730			
Gearing ratio (times) (1)	1.78	0.66	4.19	0.97			

#### Note:

(1) This is computed based on total borrowings (including lease liabilities) over total equity as at the end of the respective financial year.

Our gearing ratio improved from 1.78 times as at 31 March 2019 to 0.66 times as at 31 March 2020. This improvement in our gearing ratio during the said financial year is mainly due to the increase in our total equity pursuant to the allotment and issuance of new Fabulous Sunview Shares to our shareholders as well as the increase in our retained earnings.

However, the gearing ratio increased from 0.66 times as at 31 March 2020 to 4.19 times as at 31 March 2021. The said increase of our gearing ratio during the said financial year was mainly due to the following:

- the consolidation of the total borrowings and lease liabilities for Vafe System and Suntech Energy amounting to RM5.77 million and RM14.67 million; and
- (ii) the RCPS amounting to RM16.31 million which was inclusive of interest accrued

Our gearing ratio reduced significantly from 4.19 times as at 31 March 2021 to 0.97 times as at 31 March 2022. The decrease in the gearing ratio was mainly attributed to the increase in share capital pursuant to the Pre-IPO Fund Raising, RCPS Redemption and issuance of ICPS as well as the increase in retained earnings as a result of the increase in PAT recorded during the FYE 2022.

#### 11.3.12 Trend analysis

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, save as disclosed in this section and Sections 6 and 8 of this Prospectus;
- (ii) material commitment for capital expenditure, save as disclosed in Section 11.3.11 (ix) of this Prospectus;
- (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 8 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save as disclosed in this section and in Section 8 of this Prospectus; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in this section and Section 8 of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 8 of this Prospectus may affect our future financial condition and results of operations.

Our Board is optimistic about the future prospects of our Group after taking into account the overview of the RE sector in Malaysia as set out in Section 7 of this Prospectus, our competitive advantages and key strengths as set out in Section 6.1.2 of this Prospectus and our business strategies as set out in Section 6.10 of this Prospectus.

## 11.3.13 Order book

As at the LPD, our total unbilled contract value is summarised as follows:

Business activity	Number of projects	RM'000
Project details		
- EPCC of solar PV facilities		
- LSS	7	542,302
<ul><li>Rooftop</li></ul>	28	16,041
Total		558,343

Barring unforeseen circumstances, the total order book as at the LPD is envisaged to be recognised as follows:

Business activity	To be recognised in FYE 2023 RM'000	To be recognised in FYE 2024 RM'000
Project details		
- EPCC of solar PV facilities		
• LSS	503,276	39,026
<ul><li>Rooftop</li></ul>	10,028	6,013
Total	513,304	45,039

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#### 11.4 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.

The dividend declared and paid by our Group in the FYE 2019 was RM1.20 million which was paid to the shareholders of Fabulous Sunview namely, Ong Hang Ping and Chow Kian Hung while we declared dividend amounting to RM1.00 million in the FYE 2020 which was paid in the FYE 2021 to the shareholders of Fabulous Sunview namely, Ong Hang Ping, Chow Kian Hung and Stellar One. Our Group did not declare any dividend for the FYE 2021 and FYE 2022, and does not intend to declare and pay dividend prior to the Listing.

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, among 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. As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiaries;
- (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;
- (iv) our Company is solvent as the Act requires;
- (v) any material impact of tax laws and other regulatory requirements; and
- (vi) prior written consent from financial institutions, where required.

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.

In addition, our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year.

No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

## 11.5 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



Baker Tilly Monteiro Heng PLT 201905000500 (LP0019411-LCA) Chanered Accountants (AF 0117) Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia

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1 September 2022

The Board of Directors
Sunview Group Berhad
01-9, 9<sup>th</sup> Floor,
Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor.

Dear Sirs.

#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022 INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of Sunview Group Berhad ("Sunview" or the "Company") and its proposed subsidiaries, namely Fabulous Sunview Sdn. Bhd., Solare Truss Sdn. Bhd., Solarcity Reit Sdn. Bhd., Suntech Energy Sdn. Bhd. and Vafe System Sdn. Bhd. (collectively referred to as the "Group") for which the directors of Sunview are solely responsible.

The pro forma combined statements of financial position consist of the pro forma combined statements of financial position as at 31 March 2022 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Sunview have compiled the proforma combined statements of financial position are as described in Note 2 to the proforma combined statements of financial position and in accordance with the requirements of the *Prospectus Guidelines* — *Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

Baker Tilly Monteiro Heng PLT 20190600600 (LLP0019411-LCA) (AF 0117) is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

Reporting Accountants' Report on the Compilation of the Pro Forma Combined Statements of Financial Position as at 31 March 2022 Included in A Prospectus

The pro forma combined statements of financial position of the Group has been compiled by the directors of Sunview, for illustrative purposes only, for inclusion in the prospectus of Sunview ("Prospectus") in connection with its Initial Public Offering ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued share capital of Sunview on the ACE Market of Bursa Malaysia Securities Berhad ("Listing"), after making certain assumptions and such adjustments to show the effects on the pro forma combined financial position of the Group as at 31 March 2022 adjusted for the Pre-IPO Reorganisation, the Public Issue and the use of proceeds as described in Notes 1.2.1, 1.2.2 and 4.2.2 respectively.

As part of this process, information about the Group's pro forma combined statements of financial position has been extracted by the directors of Sunview from the audited financial statements of Sunview and its proposed subsidiaries.

The audited financial statements of Sunview and its proposed subsidiaries for the Financial Year Ended ("FYE") 31 March 2022 were reported by us to their respective members without any modifications.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The directors of Sunview are responsible for compiling the pro forma combined statements of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our 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 and regulatory requirements.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

Reporting Accountants' Report on the Compilation of the Pro Forma Combined Statements of Financial Position as at 31 March 2022 Included in A Prospectus

#### Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, on whether the pro forma combined statements of financial position has been compiled, in all material respects, by the directors of Sunview based on the Applicable Criteria.

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 International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of Sunview have compiled, in all material respects, the pro forma combined statements of financial position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the pro forma combined 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 combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Sunview in the compilation of the pro forma combined statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing and the acquisition of proposed subsidiaries as described in Notes 1.2 to the pro forma combined statements of financial position, and to obtain sufficient appropriate evidence about whether:

- (a) The pro forma combined statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position, based on the audited financial statements of Sunview its proposed subsidiaries for the FYE 31 March 2022, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Sunview its proposed subsidiaries in the preparation of its audited financial statements for the FYE 31 March 2022 and the adoption of the new accounting policies as described in Note 2.6 to the pro forma combined statements of financial position; and
- (b) Each material adjustment made to the information used in the preparation of the pro forma combined statements of financial position of the Group is appropriate for the purpose of preparing the pro forma combined statements of financial position.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

Reporting Accountants' Report on the Compilation of the Pro Forma Combined Statements of Financial Position as at 31 March 2022 Included in A Prospectus

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 combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

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

Our opinion

In our opinion:

- (a) the pro forma combined statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position, based on the audited financial statements of Sunview its proposed subsidiaries for the FYE 31 March 2022 and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Sunview its proposed subsidiaries in the preparation of its audited financial statements for the FYE 31 March 2022, which had been adopted by Sunview as its group's accounting policies and the adoption of the new accounting policies as described in Note 2.6 to the proforma combined statements of financial position; and
- (b) each material adjustment made to the information used in the preparation of the pro forma combined statements of financial position of the Group is appropriate for the purpose of preparing the pro forma combined statements of financial position.

#### Other matters

This report has been prepared for inclusion in the Prospectus of Sunview in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or 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 report contrary to the aforesaid purpose.

Yours faithfully,

Bretymmer

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) & AF 0117 Chartered Accountants 1

Paul Tan Hong No. 03459/11/2023 J Chartered Accountant

#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

#### PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

#### 1. INTRODUCTION

The pro forma combined statements of financial position of Sunview Group Berhad ("Sunview" or the "Company") and its proposed subsidiaries (hereinafter collectively referred to as the "Group") has been compiled by the directors of Sunview, for illustrative purposes only, for inclusion in the prospectus of Sunview in connection with its Initial Public Offering ("IPO") in conjunction with the listing of and quotation for the entire enlarged issued share capital of Sunview on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

1.1 In conjunction with the admission of Sunview to the Official List and the listing of and quotation for its entire enlarged issued share capital of RM83,220,002 comprising 468,000,000 ordinary shares in the share capital of Sunview ("Sunview Share(s) or Share(s)") on the Listing, Sunview had undertaken the following transactions:

## 1.2 Listing scheme

#### 1.2.1 Pre-IPO Reorganisation

### Acquisition of Fabulous Sunview Sdn. Bhd. ("Fabulous Sunview")

On 20 December 2021, Sunview entered into a conditional share-sale agreement to acquire the entire issued invested equity of Fabulous Sunview of approximately RM40.25 million comprising of 1,661,274 ordinary shares (after taking into consideration the subsequent events) for a total purchase consideration of approximately RM49.00 million ("Acquisition"). The said total purchase consideration was satisfied entirely by the issuance of 349,999,998 new Shares at an issue price of approximately RM0.14 per Share.

As at FYE 31 March 2021, the total purchase consideration of approximately RM49.00 million for the acquisition of Fabulous Sunview was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the adjusted net assets ("NA") of RM49.42 million as follows:

RM'000

Audited combined NA of Fabulous Sunview as at 31 March 2021 (after consolidation adjustments and subsequent events)

49,424

# Conversion of Irredeemable Convertible Preferences Shares ("ICPS") to ordinary shares

On 15 December 2020, 450,704 Redeemable Convertible Preferences Shares ("RCPS") of RM16,000,000 were issued by Fabulous Sunview at an issue price of RM35.50 per RCPS. Subsequently on 29 November 2021, the RCPS was settled by issuance of 450,704 ICPS of RM16,000,000 by Fabulous Sunview at an issue price of RM35.50 per ICPS.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

#### PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1. (Continued)

### 1.2 (Continued)

# Conversion of Irredeemable Convertible Preferences Shares ("ICPS") to ordinary shares (continued)

The NA of RM49.42 million as at FYE 31 March 2021 incorporates the conversion of the ICPS to ordinary shares prior to the Pre-IPO Reorganisation on the assumption that the Qualifying Initial Public Offering ("QIPO") requirements within the ICPS agreement have been met. The impact on the pro forma combined statements of financial position of the Group is as follows:

	Subsequent Events before conversion of ICPS RM'000	Subsequent Events after conversion of ICPS RM'000
Non-current assets		
Deferred tax assets	818	-
Equity attributable to owners of the Group		
Invested equity	24,250	40,250
Other reserves	12,800	**
Retained earnings	9,548	9,174
	46,598	49,424
Non-current liabilities		
Loans and borrowings	38,576	38,576
Irredeemable Convertible Preference Shares	3,719	<b></b>
Deferred tax liabilities	307	382
	42,602	38,958
Number of ordinary shares assumed to be		
in issue ('000)	1,211	1,661
NA^(RM'000)	46,598	49,424
NA per ordinary share (RM)	38.48	29.76
^ attributable to owners of the Group		

<sup>^</sup> attributable to owners of the Group

Upon the completion of the Acquisition of Fabulous Sunview, the issued share capital of Sunview increased to approximately RM49.00 million comprising 350,000,000 shares.

The conversion of ICPS to ordinary shares was completed on 22 July 2022 and the acquisition of Fabulous Sunview was completed on 29 July 2022.

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Pro Forma Combined Statements of Financial Position

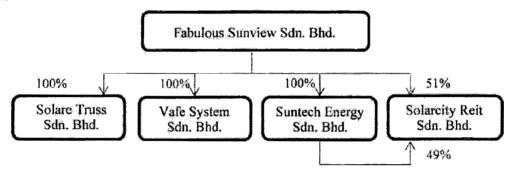
#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

## PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

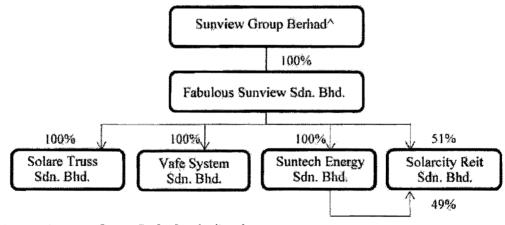
- 1. (Continued)
- 1.2 (Continued)
- 1.2.1 Pre-IPO Reorganisation (Continued)

#### Before the Pre-IPO Reorganisation

The Group structure before and after the Pre-IPO Reorganisation is illustrated below (continued):



## After the Pre-IPO Reorganisation



Sunview Group Berhad is the listed company.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

### PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

- 1. (Continued)
- 1.2 (Continued)

#### 1.2.3 Public Issue

The public issue of 118,000,000 new ordinary shares in Sunview ("Shares"), at the IPO price of RM0.29 for each Share, representing 25.21% of the enlarged number of shares of Sunview, to be allotted in the following manner:

- (i) 23,600,000 new Shares available for application by Malaysian public:
- (ii) 9,000,000 new Shares available for application by the eligible directors, employees and persons who have contributed to the success of the Group; and
- (iii) 85,400,000 new Shares by way of private placement to selected investors.

(Collectively hereinafter referred to as "Public Issue").

#### 1.2.4 Disposal by Basil Power

During the Prescribed Period, Basil Power will dispose of part of its shareholdings in conjunction with the IPO amounting to 40,734,934 Sunview Shares to Ong Hang Ping and Chow Kian Hung. The disposal consideration will be settled in 2 transhes as follows:

- (i) RM0.2952 per Sunview Share or 5% discount to the IPO Price, whichever is higher for 35,000,000 Sunview Shares; and
- (ii) RM0.2952 per Sunview Share or 5% premium to the IPO Price or 10-days VWAP of Sunview Shares before the end of the 6-months period from the Listing date, whichever is higher for the remaining 5,734,934 Sunview Shares.

Further details of the disposal of the 40,734,934 Sunview Shares by Basil Power to Ong Hang Ping and Chow Kian Hung are as follows:

Name			No. of Sunview Shares held after Disposal by Basil Power	0/a
Ong Hang Ping	1	24,440,960	24,440,961	5.22
Chow Kian Hung	<b>L</b>	16,293,974	16,293,975	3.48
Total	2	40,734,934	40,734,936	8.70



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

## PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

- 1. (Continued)
- 1.2 (Continued)

### 1.2.4 Disposal by Basil Power (Continued)

The above disposal of 40,734,934 Sunview Shares by Basil Power is to ensure that collectively, the shareholdings of our Promoters namely NEC, Ong Hang Ping and Chow Kian Hung will meet the moratorium requirements of at least 45% of the total number of issued shares remain under moratorium for a further 6 months.

#### 1.3 Listing on Bursa Securities

Upon completion of the IPO, Sunview's entire enlarged issued share capital of approximately RM83.22 million comprising 468,000,000 Shares will be listed on the ACE Market of Bursa Securities.

## 2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

- 2.1 The pro forma combined statements of financial position have been prepared to illustrate the pro forma combined financial position of the Group as at 31 March 2022, adjusted for the Pre-IPO Reorganisation, the Public Issue and the use of proceeds as described in Notes 1.2.1, 1.2.2, and 3.2.2 respectively.
- 2.2 The pro forma combined statements of financial position have been prepared based on the audited financial statements for the financial year ended 31 March 2022 ("FYE 2022") of the proposed subsidiaries:

Company Name	FYE
Sunview Group Berhad.	31 March 2022
Fabulous Sunview Sdn. Bhd.	31 March 2022
Solare Truss Sdn. Bhd.	31 March 2022
Solarcity Reit Sdn. Bhd.	31 March 2022
Suntech Energy Sdn. Bhd.	31 March 2022
Vafe System Sdn. Bhd.	31 March 2022



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

#### PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

- 2. (continued)
- 2.3 The audited financial statements of the proposed subsidiaries for the FYE 31 March 2022 were reported by the auditors to their respective members without any modifications.
- 2.4 The pro forma combined statements of financial position of the Group have been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and does not purport to predict the future financial position and results of the Group.
- 2.5 The pro forma combined statements of financial position of the Group have been properly prepared on the basis set out in the accompanying notes to the pro forma combined statements of financial position based on the audited financial statements of the proposed subsidiaries for FYE 31 March 2022 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.
- 2.6 The pro forma combined statements of financial position of the Group have been prepared in a manner consistent with both the format of the audited financial statements and accounting policies adopted by the proposed subsidiaries in the preparation of its audited financial statements for the FYE 31 March 2022 and the adoption of the following new accounting policies, which had been adopted by the Group as the group's accounting policies.

#### Merger accounting

The proposed subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or proposed subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Proposed subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the proposed subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. 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. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the proposed subsidiaries is taken to reorganisation reserve/(deficit).



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

## PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

- 2. (continued)
- 2.6 (continued)

#### Merger accounting (continued)

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the difference arising from the change in equity structure of the Group will be accounted for in reorganisation reserve/(deficit).



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

# 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

3.1 The proforma combined statements of financial position of the Group as set out below, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited combined statements of financial position of the Group as at 31 March 2022 had the Pre-IPO Reorganisation, the Public Issue and the use of proceeds as described in the Notes 1.2.1, 1.2.2 and 3.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31 March 2022 RM'000	Pre-IPO Reorganisation RM'000	After Pro Forma I and the Public Issue RM'000	After Pro Forma II and the use of proceeds RM'000
ASSEIS				
Non-current assets				
Property, plant and equipment	*	39,207	39,207	39,207
Goodwill	-	17,255	17,255	17,255
Deferred tax asset	**	•		**
Total non-current assets	#s.	56,462	56,462	56,462
Current assets				
Inventories		3,066	3,066	3,066
Contract assets	**	46,524	46,524	46,524
Trade and other receivables	*	31,372	31,372	31,372
Cash and short-term deposits	*	20,107	54,327	45,471
Total current assets		101,069	135,289	126,433
TOTAL ASSETS	*	157,531	191,751	182,895
EQUITY AND LIABILITIES Equity attributable to owners of the Group				
Share capital	*	49,000	83,220	82,320
Reorganisation deficit	**	(8,751)	(8,751)	(8,751)
Retained earnings	(159)	17,307	17,307	16,351
TOTAL EQUITY	(159)	57,556	91,776	89,920

<sup>\*</sup> Less than RM1,000.



## SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

# 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

## 3.1 (Continued)

		Pro Forma I	Pro Forma II	Pro Forma III
	Audited Statement of Financial Position as at 31 March 2022 RM'000	Pre-IPO Reorganisation RM'000	After Pro Forma I and the Public Issue RM'000	After Pro Forma II and the use of proceeds RM'000
Non-current liabilities				
Loans and borrowings	4	42,732	42,732	35,732
Deferred tax liabilities		549	549	549
Total non-current liabilities	-	43,281	43,281	36,281
Current liabilities				
Loans and borrowings	44	6,418	6,418	6,418
Current tax habilities	No	2,236	2,236	2,236
Trade and other payables	159	28,774	28,774	28,774
Contract flabilties	*	19,266	19,266	19,266
Total current liabilities	159	56,694	56,694	56,694
TOTAL LIABILITIES	159	99,975	99,975	92,975
TOTAL EQUITY AND LIABILITIES	-	157,531	191,751	182,895
Number of ordinary shares assumed to be in issue ('000)	¥	350,000	468,000	468,000
NA^(RM'600)	(159)	57,556	91,776	89,920
NA per ordinary share (RM)	**	0.16	0.20	0.19
^ attributable to owners of the	Group			

<sup>\*</sup> Less than RM1,000.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

- 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
- 3.2 Notes to the pro forma combined statements of financial position are as follows:
- 3.2.1 The pro forma combined statements of financial position of the Group, for which the directors of the Group are solely responsible, have been prepared for illustrative purposes only, to show the effects on the combined audited statements of financial position of the Group as at 31 March 2022, adjusted for the transactions as described in Note 1.2.1, Note 1.2.2 and the use of proceeds as described in Note 3.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.
- 3.2.2 The proceeds from the Public Issue would be utilised in the following manner:

Purpose	RM'000	0/0	Time frame for utilisation from the date of listing
Not reflected in pro forma combined statements of financial position	***		
- Business expansion <sup>(1)</sup>	1,670	4.88	Within 24 months
- Capital expenditure <sup>(2)</sup>	1,855	5.42	Within 18 months
- Working capital	20,095	58.72	Within 24 months
Reflected in pro forma combined statements of financial position			
- Repayment of bank borrowings	7,000	20.46	Within 3 months
- Estimated listing expenses	3,600	10.52	Within I month
Gross proceeds	34,220	100.00	Ε

- (1) As at latest practicable date, the Group has yet to enter into any sales and purchase agreement in relation to the proceeds earmarked for purchase of office under business expansion. Accordingly, the utilisation of proceeds earmarked for business expansion are not reflected in the pro forma combined statement of financial position.
- (2) As at latest practicable date, the Group has yet to enter into any contractual binding agreement or issue any purchase order in relation to the capital expenditure. Accordingly, the use of proceeds earmarked for the capital expenditure are not reflected in the pro forma combined statements of financial position.



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

- 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
- 3.2 (Continued)
- 3.2.3 The pro forma combined statements of financial position should be read in conjunction with the notes below:

#### (b) Pro Forma I

Pro Forma I incorporates the effects of the Pre-IPO Reorganisation, which are the acquisition of Fabulous Sunview and conversion of ICPS as described in Note 1.2.1, on the pro-forma combined statements of financial position of Sunview as at 31 March 2022.

#### Acquisition of Fabulous Sunview

The reorganisation deficit arising from the Acquisition of Fabulous Sunview are as below:

	33272 000
Purchase consideration	49,000
Less: Share Capital of Pabulous Sunview	(24,249)
Irredeemable Convertible Preference Shares	(16,000)
Reorganisation deficit	8,751

The Pre-IPO Reorganisation, which are the acquisition of Fabulous Sunview and Conversion of ICPS as described in Note 1.2.1 had the following impact on the proforma combined statements of financial position of Sunview as at 31 March 2022:



RM'000

## SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

- 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
- 3.2 (Continued)
- 3.2.3 (Continued)
  - (b) Pro Forma I (Continued)

	Increase/(Decrease)			
		Effects on		
	Effects on	Total Equity/		
	Total Assets	Liabilities		
	RM'000	RM'000		
Property, plant and equipment	39,207	•		
Goodwill	17,255	w.		
Inventories	3,066	**		
Contract assets	46,524	344		
Trade and other receivables	31,372	-		
Cash and short-term deposits	20,107			
Share capital	44	49,000		
Reorganisation deficit	*	(8,751)		
Retained earnings	w	17,466		
Loans and borrowings				
- non-current	we	42,732		
- current	way	6,418		
Deferred tax liabilities	we.	549		
Current tax liabilities	₩	2,236		
Trade and other payables	-	28,615		
Contract liabilties	-	19,266		
	157,531	157,531		



#### SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

# 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

- 3.2 (Continued)
- 3.2.3 (Continued)

#### (c) Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue as described in Note 1.2.2.

The Public Issue will have the following impact on the pro forma combined statements of financial position of the Group as at 31 March 2022:

	Increase			
	Effects on Total Assets RM'000	Effects on Total Equity/ Liabilities RM'000		
Cash and short-term deposit	34,220	94		
Share capital	*	34,220		
	34,220	34,220		

#### (d) Pro Forma III

Pro Forma III incorporates the cumulative effects of Pro Forma II and the use of proceeds from the Public Issue of RM34,22 million after netting off RM3.60 million for estimated listing expenses and RM7.00 million repayment of bank borrowings.

The remaining proceeds expected from the Public Issue of RM23.62 million will be utilised in the manner as described in Note 3.2.2.

The proceeds arising from the Public Issue earmarked for the business expansion, capital expenditure and working capital of RM23.62 million will be included in the Cash and Short-term Deposit Account.

As at 31 March 2022, out of the RM3.6 million estimated listing expenses, RM1.74 million (31 March 2021: RM0.10 million) has already been incurred.

Out of the estimated listing expenses to be incurred of RM3.60 million, RM2.70 million will be charged to Retained Earnings Account and RM0.90 million will be recognised in Share Capital Account as these are directly attributable expenses relating to the new issuance of shares.



## SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

- 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
- 3.2 (Continued)
- 3.2.3 (Continued)
  - (d) Pro Forma III (continued)

The use of proceeds will have the following impact on the pro forma combined statements of financial position of the Group as at 31 March 2022:

	Decrease				
	Effects on Total Assets RM'000	Effects on Total Equity/ Liabilities RM'000			
Cash and short-term deposit	(8,856)	_			
Share capital	•	(900)			
Retained earnings		(956)			
Non-current:-					
- Loan and borrowings		(7,000)			
	(8,856)	(8,856)			



## SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

# 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

- 3.2 (Continued)
- 3.2.4 Movements in share capital and reserves are as follows:

	Share capital RM'000	Reorganisation deficit RM'000	Retained earnings RM'000
Audited statement of financial position as at 31 March 2022	*	-	(159)
Arising from the Pre-IPO Reorganisation	49,000	(8,751)	17,466
Per Pro Fórma I	49,000	(8,751)	17,307
Arising from the Public Issue	34,220	or	
Per Pro Forma II	83,220	(8,751)	17,307
Arising from the defrayment of estimated listing expenses in relation to the Listing	(900)	-	(956)
Per Pro Forma III	82,320	(8,751)	16,351

<sup>\*</sup> Less than RM1,000.



## SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

- 3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
- 3.2 (Continued)
- 3.2.5 Movements in cash and short-term deposits are as follows:

	RM'000
Audited statement of financial position as at 31 March 2022	*
Arising from the Pre-IPO Reorganisation	20,107
Per Pro Forma I	20,107
Arising from the Public Issue	34,220
Per Pro Forma II	54,327
Arising from the defrayment of estimated listing expenses in	
relation to the Listing	(8,856)
Per Pro Forma III	45,471

<sup>\*</sup> Less than RM1,000.



## SUNVIEW GROUP BERHAD AND ITS PROPOSED SUBSIDIARIES

#### APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of Sunview Group Berhad in accordance with a resolution dated 1 September 2022.

Ong Hang Ping Director Chow Kian Hung Director



## 12. ACCOUNTANTS' REPORT



Baker Tilly Monteiro Heng PLT 201905000500 (LLP0019411-LCA) Chartered Accountants (AF 0117) Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia

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info@bakertilly.my www.bakertilly.my

1 September 2022

The Board of Directors

Sunview Group Berhad

No.01-9, 9th Floor

Menara Symphony

No. 5, Jalan Profesor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Dear Sirs.

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Sunview Group Berhad ("Sunview" or the "Company")

## Opinion

We have audited the accompanying combined financial statements of the Company and its operating entities as defined in Note 2 to the combined financial statements (collectively known as the "Group"), which comprise of the combined statements of financial position as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 6 to 104.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report give a true and fair view of the combined financial positions of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, and of their financial performance and their cash flows for the financial years then ended in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### **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 Combined Financial Statements section of our report.

Baker Tilly Malaysia and its related entities in Malaysia trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



# SUNVIEW GROUP BERHAD (Incorporated in Malaysia)

### Basis for Opinion (continued)

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' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Directors for the Combined Financial Statements

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

In preparing the combined financial statements 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.

The directors of the Group are responsible for overseeing the Group's financial reporting process.

## Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

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



## **SUNVIEW GROUP BERHAD**

(Incorporated in Malaysia)

## Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the combined financial statements 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.
- 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 Reporting Accountants' report to the related disclosures in the combined financial statements 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 Reporting Accountants' 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 combined financial statements
  of the Group, including the disclosures, and whether the combined financial statements of the
  Group represent the underlying transactions and events in a manner that achieves fair
  presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities
  or business activities within the Group to express an opinion on the combined 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.



## **SUNVIEW GROUP BERHAD**

(Incorporated in Malaysia)

#### Other Matters

This report is made solely to the board of directors of the Group and has been prepared solely to comply with the Prospectus Guidelines — Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Group in connection with the listing and quotation for the entire enlarged issued share capital of the Group on the ACE Market of Bursa Maiaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

Backhamay

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) & AF 0117 Chartered Accountants

Paul Tan Hong No. 03459/11/2023 J Chartered Accountant

Kuala Lumpur

Date: 1 September 2022

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### STATEMENT BY DIRECTORS

We, ONG HANG PING and CHOW KIAN HUNG, being directors of SUNVIEW GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of the Group as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 and of their financial performance and cash flows for the financial years then ended.

Signed in accordance with a resolution of the directors:

ONG HANG PING

Director

**CHOW KIAN HUNG** 

Director

Kuala Lumpur

Date: 1 September 2022

## SUNVIEW GROUP BERHAD

Accountants' Report

## **COMBINED STATEMENTS OF FINANCIAL POSITION**

		<del></del>	As at 31	March	<del></del>
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	3,328	3,838	33,769	39,207
Other investments	6	134	-	_	-
Goodwill	7	-	-	17,255	17,255
Deferred tax assets	8	96	-	*	702
Total non-current assets	-	3,558	3,838	51,024	57,164
Current assets					
Inventories	9	659	1,266	1,120	3,066
Current tax assets		92	-	-	-
Contract assets	10	378	3,849	4,935	46,524
Trade and other receivables	11	2,185	11,010	18,310	31,372
Cash and short-term deposits	12	1,283	2,019	16,873	20,107
Total current assets		4,597	18,144	41,238	101,069
TOTAL ASSETS	-	8,155	21,982	<b>92,2</b> 62	158,233
EQUITY AND LIABILITIES					
Equity attributable to owners of the Group					
Invested equity	13	750	2,250	2,250	24,249
Other reserve	14	-	•	144	12,800
Retained eamings		1,474	3,003	8,794	17,681
	_				

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		4	As at 31	March -	
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Loans and borrowings	15	2,024	1,793	42,887	42,732
Deferred tax liabilities	8	-	67	307	358
Total non-current liabilities	-	2,024	1,860	43,194	43,090
Current liabilities					
Loans and borrowings	15	1,924	1,687	3 <b>,949</b>	10,137
Current tax liabilities		•	343	2,165	2,236
Trade and other payables	16	1,516	8,087	31,211	28,774
Contract liabilties	10	467	4,752	555	19,266
Total current liabilities	_	3,907	14,869	37,880	60,413
TOTAL LIABILITIES	•	5,931	16,729	81,074	103,503
TOTAL EQUITY AND LIABILITIES	_	8,155	21,982	92,262	158,233

<sup>\*</sup> Less than RM1,000.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		4	FYE 31 I	Warch —	
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue Cost of sales	17	5,651 ( <b>4,</b> 322)	26,375 (20,243)	43,330 (30,464)	99,263 (78,917)
Gross profit Other income Administrative expenses	18	1,329 * (1,848)	6,132 * (2,651)	12,866 224 (3,961)	20,346 870 (7,813)
Operating (loss)/profit Finance costs Share of result of associates, net of tax	19	(519) (280)	3,481 (227)	9,129 (786)	13,403 (2,544) -
(Loss)/profit before tax Income tax expense	20 22	(799) 91	3,254 (725)	8,343 (2,552)	10,859 (1,972)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year		(708)	2,529	5,791	8,887
(Loss)/profit attributable to: Owners of the Group		(708)	2,529	5,791	8,887
Total comprehensive (loss)/income attributable to: Owners of the Group		(708)	2,529	5,791	8,887
(Loss)/earnings per share (RM'000) - Basic and diluted		(0.94)	2.99	6.85	7.34

<sup>\*</sup> Less than RM1,000.

The accompanying notes form an integral part of these combined financial statements.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## **COMBINED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to owners of the Group ←►				
	Note	Share capital RM'000	Other Reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2018		750	*	3,382	4,132
Total comprehensive loss for the financial year				(708)	(708)
Transaction with owners					
Dividend paid on shares	23	-	-	(1,200)	(1,200)
At 31 March 2019 Total comprehensive income	•	<b>75</b> 0	-	1,474	2,224
for the financial year		-	-	2,529	2, <b>52</b> 9
Transaction with owners	42	1,500			1 500
Issuance of ordinary shares Dividend paid on shares	13 23	1,500	-	(1,000)	1,500 (1,000)
Total transaction with owners	1	1,500		(1,000)	500
At 31 March 2020	•	2,250		3,003	5,253
Total comprehensive income for the financial year		•	-	5,791	5,791
Transaction with owners					
Change in ownership interest in a subsidiery Redeemable convertible			-	*	*
preference shares	14	-	144	-	144
Total transaction with owners		**	144	*	144
At 31 March 2021	•	2,250	144	8,794	11,188
Total comprehensive income for the financial year		_		8,887	8,887
Transaction with owners					
Issuance of ordinary shares Redeemable convertible	13	21,999		-	21,999
preference shares Irredeemable convertible	14	-	(1 <b>44)</b>	-	(144)
preference shares	14	MA.	12,800	-	12,800
Total transaction with owners		21,999	12,656	-	34,655
At 31 March 2022	•	24,249	12,800	17,681	54,730

<sup>\*</sup> Less than RM1,000.

The accompanying notes form an integral part of these combined financial statements.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## **COMBINED STATEMENTS OF CASH FLOWS**

		4	FYE 31 I	March	<del></del>
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Cash flows from operating activities					
(Loss)/profit before tax:		(799)	3,254	8,343	10,859
Adjustments for:					
Share of results from an associate Loss/(Gain) on disposal of		•	*	-	-
property, plant and equipment Property, plant and equipment		6	-	9	(21)
written off Impairment loss on trade and		-	-	50	127
other receivables  Depreciation of property, plant and		10	-	1	-
equipment		108	167	287	2,146
Trade payables written off		-	-	-	110
Net unrealised foreign exchange loss		5	168	-	3
Finance costs		280	227	786	2,544
Finance income	_	*	*	(28)	(621)
Operating (loss)/profit before					
changes in working capital Changes in working capital:		(390)	3,816	9,448	15,147
Inventories		92	(607)	146	(1,946)
Trade and other receivables		359	(8,825)	(3,662)	(13,062)
Trade and other payables		(1,340)	5,356	(1,297)	(2,552)
Contract assets		485	(3,471)	(765)	(41,589)
Contract liabilities		456	4,285	(4,197)	18,712
Net cash generated from/				•	
(used in) operations		(338)	554	(327)	(25,290)
Income tax paid		(210)	(127)	(844)	(2,506)
Interest paid		(68)	(76)	(59)	<b>(3</b> 5)
Interest received		*	*	28	121
Net cash (used in)/from operating activities		(616)	351	(1,202)	(27,710)

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

		← FYE 31 March			
	Note	2019 RM'000	2020 <b>RM'000</b>	2021 RM'000	2022 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		-	-	1,471	-
Purchase of other investments		(49)	-	•	-
Investment in associate Proceeds from disposal of		•	*	-	•
other investments		163	134	-	-
Purchase of property, plant and equipment	12(11)	(401)	(535)	(874)	(633)
Proceeds from disposal of					-
property, plant and equipment		9	- /100\	- (0.47)	229 (14,551)
Change in pledged deposits	_		(109)	(847)	(14,551)
Net cash used in investing activities	_	(278)	(510)	(250)	(14,955)
Cash flows from financing activities	12(iii)				
Proceeds from issuance of ordinary shares		-	1,500	_	21,999
Proceeds from issuance of redeemable convertible					-
preference shares		-	-	16,000	-
Drawdown of term loans		•	•	1,000	12,000
Repayment of term loans		(358)	(311)	(235)	(1,561)
Net change in lease liabilities Net change in bankers'		(19)	(74)	(88)	(644)
acceptance		779	(238)	403	(477)
Net change in amount owing to directors		5	30	(1,129)	-
Dividends paid		(1,200)	-	-	-
Interest paid		(212)	(151)	(226)	(1,991)
Net cash (used in)/from		(4 AAE)	756	4E 791	20.226
financing activities	•	(1,005)	756	15,734	29,326

Less than RM1,000.

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

		FYE 31 March			
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Net (decrease)/increase in cash and cash equivalents		(1,899)	597	14,282	(13,339)
Cash and cash equivalents at the beginning of the financial year		2,237	333	948	15,230
Effects of exchange rate changes on cash and cash equivalents		(5)	18	_	-
Cash and cash equivalents at the end of the financial year	12	333	948	15,230	1,891

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

The Company was incorporated on 25 May 2021 under Companies Act 2016, as a private limited liability company, and is domiciled in Malaysia. The Company was converted to a public company limited by shares and assumed its present name on 24 December 2021. The registered office of the Company is located at Third Floor, No.77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor. The principal place of business of the Company is located at 01-9, 9th Floor, Menara Symphony, No.5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

The principal activity of the Company is investment holding. The details of the operating entities are as follows:

	Principal place of business/					,
Operating entitles	country of incorporation	Effect 2019	live equi 20 <b>2</b> 0	ity intere 2021	est (%) 2022	Principal activities
Fabulous Sunview Sdn. Bhd.	Malaysia	100%	100%	100%	100%	EPCC of solar PV facilities, provision of solar PV and other renewable energy facilities, provision of solar PV construction and installation services, and associated services and products
Held through Fabulous Sunv	lew Sdn. Bhd.					
Solare Truss Sdn. Bhd.	Malaysia	100%	100%	100%	100%	Solar PV construction and installation services, and supply of solar PV equipment and ancillary systems as welf as EPCC of other renewable energy facilities
Solarcity Reit Sdn. Bhd.	Malaysia		49%	51%	51%	Solar power generation and supply
Suntech Energy Sdn. Bhd.	Malaysia	•	•	100%	100%	Solar power generation and supply
Vafe System Sdn. 8hd.	Malaysia		-	100%	100%	Solar power generation and supply
Surview Power Sdn. Bhd.*	Malaysia	85%	-	•	-	Dormant
SVAF Energy Sdn. Bhd.*	Malaysia	60%	-	-	-	Dormant
Green Magnitude Sdn. Bhd.*	Malaysia	49%	•	•		Dormant
Unisolar Solution Sdn. Bhd.*	Malaysia	49%	-	-	-	Domani
Held through Suntech Energy Sdn. Bhd.						
Solarcity Reit Sdn. Bhd.	Malaysia	-	-	49%	49%	Solar power generation and supply

Audited by auditors other than Baker Tilly Monteiro Heng PLT.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 1. GENERAL INFORMATION (CONTINUED)

There have been no significant changes in the nature of these principal activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 September 2022.

#### 2. BASIS OF PREPARATION

The combined financial statements of the Company (as defined herein) for the financial years ended ("FYE") 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 have been prepared pursuant to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad which consist of the financial statements of the following entities under common control for each of the financial years.

	FYE 31 March					
Entities Under Common Control	2019	2020	2021	2022		
Sunview Group Sdn. Bhd.	<	<	<	*		
Fabulous Sunview Sdn. Bhd.	#	#	*	*		
Solare Truss Sdn. Bhd.	#	#	*	*		
Solarcity Reit Sdn. Bhd.	٨	#	*	*		
Suntech Energy Sdn. Bhd.	>	>	*	*		
Vafe System Sdn. Bhd.	>	>	*	*		
Sunview Power Sdn. Bhd.	*	>	>	>		
SVAF Energy Sdn. Bhd.	+	>	>	>		
Green Magnitude Sdn. Bhd.	- <b>+</b> -	>	>	>		
Unisolar Solution Sdn. Bhd.	+	>	>	>		

- No financial statements were available as the Company was incorporated in FYE 2022.
- No financial statements were available as the Company was incorporated in FYE 2020.
- # The combined financial statements of the Group for the respective financial years have been prepared based on the financial statements which were audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which were lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.
- \* The combined financial statements of the Group for the financial year/period have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 2. BASIS OF PREPARATION (CONTINUED)

- + The combined financial statements of the Group for the financial year have been prepared based on the audited financial statements which were audited by auditors other than Baker Tilly Monteiro Heng PLT.
- No combined financial statements of the Group for the financial years have been prepared as the companies have yet to be or ceased to be a subsidiary/associate of Fabulous Sunview Sdn. Bhd.

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control 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 the entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). 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 commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the consolidated financial statements of the Group had the relevant proposed transactions to legally constitute a group been incorporated in the consolidated financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

#### 2.1 Statement of compliance

The combined financial statements of the Group has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs").

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

# 2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy

## (a) Adoption of amendments/improvements to MFRSs

The Group has adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/imp	provements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the combined financial statements of the Group did not result in significant changes to the Group's existing accounting policies, except for those as discussed below.

# 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS MFRS 17	Insurance Contracts	1 January 2022
MULIO II	insulance Contracts	1 January 2023
Amendments	/Improvements to MFRSs	
MFRS 1	First-time Adoption of MFRSs	1 January 2022^/
		1 January 2023*
MFRS 3	Business Combinations	1 January 2022/
		1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/
	Management Association and Company	1 January 2023
MFRS 5	Non-current Assets Held for Sale and	4 1 0000#
MEDO 7	Discontinued Operation	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/
MFRS 9	Financial Instruments	1 January 2023* 1 January 2021/
MILICOS	ritalicial ilisti unicitis	1 January 2022^/
		1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/
		1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs have been issued, but yet to be effective (continued)

The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (continued)

		Effective for financial periods beginning on or after
Amendments	s/improvements to MFRSs (continued)	
MFRS 101	Presentation of Financial Statements	1 January 2023/
		1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/
	• • •	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint	Deferred/
	Ventures	1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#

<sup>^</sup> The Annual Improvements to MFRSs 2018-2020

2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below.

# Annual Improvements to MFRSs 2018-2020

Annual Improvements to MFRSs 2018-2020 covers amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards simplifies
  the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its
  parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments clarifies the fees a company includes when
  assessing whether the terms of a new or modified financial liability are substantially
  different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture removes a requirement to exclude cash flows from taxation
  when measuring fair value thereby aligning the fair value measurement requirements
  in MFRS 141 with those in other MFRS Standards.

<sup>\*</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

# **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 2. BASIS OF PREPARATION (CONTINUED)

- 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)
- 2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below. (continued)

# Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

# Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

## Amendments to MFRS 16 Leases

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022 subject to fulfilment of other conditions.

#### Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

# **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 2. BASIS OF PREPARATION (CONTINUED)

- 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)
- 2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below. (continued)

# Amendments to MFRS 101 Presentation of Financial Statements (continued)

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

# Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

#### Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

- 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)
- 2.3.1 The Group plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below. (continued)

## Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

# Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

# 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency, unless otherwise stated.

#### 2.5 Basis of measurement

The financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial periods presented in the financial statements of the Group.

#### 3.1 Basis of combination

The combined financial statements comprise the financial statements of Sunview Group Berhad, Fabulous Sunview Sdn. Bhd., Solare Truss Sdn. Bhd., Solarcity Reit Sdn. Bhd., Suntech Energy Sdn. Bhd. and Vafe System Sdn. Bhd.. The financial statements used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Entities under a reorganisation does not result in any change in economic substance. Accordingly, the combined financial statements of the Group is a continuation of the Group and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings, and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

#### (a) Business combination

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Combining entities acquired which have met the criteria for pooling of interest are accounted for using merger accounting policies. Under the merger method of accounting, the results of combining entities are presented as if the business combination had been affected throughout the current and previous financial years. 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. On combination, the difference between the costs of acquisition over the nominal value of share capital of the combining entities is taken to reorganisation reserve/(deficit).

#### (b) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.1 Basis of combination (continued)

#### (c) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

## (d) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or have made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.2 Foreign currency transactions

## Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the Item (i.e. translation differences on Items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

# 3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the the Group becomes a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Financial instruments (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### (a) Subsequent measurement

The Group categorises the financial instruments as follows:

#### (i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group reclassifies financial assets when and only when their business models for managing those assets change.

#### SUNVIEW GROUP BERHAD

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Financial instruments (continued)

### (a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

# (i) Financial assets (continued)

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies their debt instruments:

#### Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

## Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.3 Financial instruments (continued)

## (a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

## (i) Financial assets (continued)

**Debt instruments** (continued)

## Fair value through profit or loss ("FVPL")

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

## Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify their equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Financial instruments (continued)

#### (a) Subsequent measurement (continued)

The Group categorises the financial instruments as follows: (continued)

# (ii) Financial liabilities

The Group classifies their financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

## Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

# Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

#### SUNVIEW GROUP BERHAD

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.3 Financial instruments (continued)

## (b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

## (c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interests do not start to accrue on the asset and corresponding liability until the settlement date when title passes.

#### SUNVIEW GROUP BERHAD

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.3 Financial instruments (continued)

## (d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group has transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

## **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.3 Financial instruments (continued)

## (e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

## 3.4 Property, plant and equipment

# (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Cost of assets, other than bearer plants, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

#### SUNVIEW GROUP BERHAD

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.4 Property, plant and equipment (continued)

### (b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

# (c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	(years)
Furniture and fittings	5 – 10
Office equipment	5
Computer hardware and software	5
Renovation	5 – 10
Signboard	10
Motor vehicle	5
Solar system and site equipment	5 – 25
Right-of-use assets	3 – 22

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

# (d) Derecognition

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

Useful lives

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Leases

#### (a) Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

## (b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

#### Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Leases (continued)

## (b) Lessee accounting (continued)

#### Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change
  in expected payment under a guaranteed residual value, in which cases the
  lease liability is remeasured by discounting the revised lease payments using
  the initial discount rate (unless the lease payments change is due to a change
  in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Leases (continued)

## (b) Lessee accounting (continued)

Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## (c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(b), then it classifies the sub-lease as an operating lease.

#### SUNVIEW GROUP BERHAD

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Leases (continued)

#### (c) Lessor accounting (continued)

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a leases receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies *MFRS 15 Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

#### 3.6 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for raw materials; purchase costs on a first-in-first-out basis-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sales.

## 3.8 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or have billed the customers.

#### 3.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Impairment of assets

#### (a) impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Impairment of assets (continued)

#### (a) Impairment of financial assets (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.10 Impairment of assets (continued)

#### (a) Impairment of financial assets (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- · significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Impairment of assets (continued)

### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.12 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

#### 3.13 Employee benefits

#### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial period where the employees have rendered their services to the Group.

#### (b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.14 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expect that the effects on the combined financial statements would not differ materiality from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the adjusted market assessment approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.14 Revenue and other income (continued)

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

#### Financing components

The Group has applied the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

# (a) Engineering, procurement, construction and commissioning ("EPCC") of solar photovoltaics ("Solar PV") facilities

Revenue is recognised over time, if (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or (ii) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

#### (b) Sale of electricity generated from renewable energy equipment

Revenue from sale of electricity generated from renewable energy equipment is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance. The revenue recognised is the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance that is completed to date. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end.

#### SUNVIEW GROUP BERHAD

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.14 Revenue and other income (continued)

#### (c) Associated services and products

Revenue from associated services and products is recognised at a point in time, if a customer receives and consumes the benefits provided by the entity's performance and if the control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of due from the date of invoices. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

#### (d) Interest income

Interest income is recognised using the effective interest method.

#### 3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

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.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

#### 3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

#### (a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

# (b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.17 Income tax (continued)

#### (b) Deferred tax (continued)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.18 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year are disclosed as follows:

### (a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.4(c), the Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

#### (b) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due. The Group uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

### (b) Impairment of financial assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 10, 11 and 24.

#### (c) Measurement of income taxes

Significant judgement is required in determining the Group's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group are disclosed in Note 22.

#### (d) Impairment of non-financial assets

The Group assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The Group uses fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of the Group.

The carrying amounts of the non-financial assets are disclosed in Note 5.

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 April 2018 - Effect of adoption of		1,845	791	48	61	108	11	-	148	-	3,012
MFRS 16		•	•	•	•	(85)	-	-	•	85	-
At 1 April 2018 (restated)	•	1,845	791	48	61	23	11	-	148	85	3,012
Additions		-	•	76	18	-	42	210	159	-	505
Disposal	_	-	-	(14)	(3)	•		-	(6)	-	(23)
At 31 March 2019	,	1,845	791	110	76	23	53	210	301	85	3,494
Accumulated depreciation At 1 April 2018 - Effect of adoption of MFRS 16			8 -	14	<b>25</b> -	9 (4)	3		7	-	66 -
At 1 April 2018 (restated) Depreciation charge for	•		8	14	25	5	3	-	7	4	66
the financial year	20	-	16	8	14	4	3	12	34	17	108
Disposal		-	-	(8)	*	•	•		*	-	(8)
At 31 March 2019		~	24	14	39	9	6	12	41	21	166
Carrying amount											
At 1 April 2018 (restated)		1,845	783	34	36	18	8		141	81	2,946
At 31 March 2019	'	1,845	<b>7</b> 67	96	37	14	47	198	260	64	3,328

<sup>\*</sup> Less than RM1,000.

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# 12. ACCOUNTANTS' REPORT (CONT'D)

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
	1,845	791								3,494
	-	-	16	27	83	16	167	83	285	677
	1,845	791	126	103	106	69	377	384	370	4,171
	-	24	14	39	9	6	12	41	21	166
20	•	16	12	16	9	6	28	5	75	167
	•	40	28	55	18	12	40	46	96	333
	1,845	767	96	37	14	47	198	260	64	3,328
,	1,845	751	100	48	88	57	337	338	274	3,838
		land Note RM'000  1,845 - 1,845 - 20 - 1,845	Note         RM/000         building RM/000           1,845         791         -           -         1,845         791           -         24           20         -         16           -         40           1,845         767	Freehold   Freehold   and   building   fittings   RM'000   RM'000   RM'000   RM'000   RM'000	Freehold   Freehold   and   and   software	Freehold   Freehold   and   and   software   vehicles	Freehold   Iand   building   fittings   software   vehicles   equipment	Freehold   Iand   building   fittings   software   vehicles   equipment   Renovation   RM'000   RM'0	Note   Freehold   Iand   building   fittings   software   RM'000   RM'000	Note   Freehold   Iand   Ian

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# 12. ACCOUNTANTS' REPORT (CONT'D)

# **SUNVIEW GROUP BERHAD**

Accountants' Report

### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings RM'000	Computer and software RM'000	Motor vehicles RM*000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost		4.045	704	408	400	400	60	077	004	976	4 444
At 1 April 2020		1,845	791	126 9	103 25	106	69 4	377 102	384 38 703	370	4,171
Acquisition of subsidiaries Additions		•		5 6	25 54	-	4	102	26,723 6,614	3,698	30,561 6,674
Disposal		_	-		•	(23)	-	-	0,014	-	(23)
Written off	20	-	•	-	-	-	•	-	(61)	-	(61)
At 31 March 2021	•	1,845	791	141	182	83	73	479	33,660	4,068	41,322
Accumulated depreciation					•						
At 1 April 2020		•	40	26	55	18	12	40	46	96	333
Acquisition of subsidiaries  Depreciation charge for the		•	-	9	20	-	3	97	6,171	658	6,958
financial year	20	•	16	14	21	17	7	38	100	74	287
Disposal		•	-	-	-	(14)	•	-	-		(14)
Written off	20			-	-	-	-	<del>-</del>	(11)		(11)
At 31 March 2021			56	49	96	21	22	175	6,306	828	7,553
Carrying amount											
At 1 April 2020		1,845	751	100	48	88	57	337	338	274	3,838
At 31 Merch 2021	•	1,845	735	92	86	62	51	304	27,354	3,240	33,769

# **SUNVIEW GROUP BERHAD**

Accountants' Report

### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Freehold building RM'000	Furniture and fittings <b>RM'00</b> 0	Computer and software RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Solar equipment RM'000	Right-of-use assets RM'000	Total RM'000
Cost											
At 1 April 2021		1,845	791	141	182	83	73	479	33,660	4,068	41,322
Additions		-	-	59	242	11	6	83	5,773	1,745	7,919
Disposal		-	•	•	-	-	•	-	-	(284)	(284)
Written off	20	-	-	-	(9)	•	-	(167)	•	-	(176)
Reclassification		-	•	•			•		123	(123)	-
At 31 March 2022		1,845	791	200	415	94	79	395	39,556	5,408	48,781
Accumulated depreciation											
At 1 April 2021		•	56	49	96	21	22	175	6,306	828	7,553
Depreciation charge for the											
financial year	20	•	16	19	49	17	7	48	1,450	540	2,146
Disposal		-	-	-	-	•	-	-	-	(76)	(76)
Written of	20	-	-	•	(9)	-	•	(40)	-	-	(49)
Reclassification			-			-	<u>-</u>	-	92	(92)	<u>.</u>
At 31 March 2022			72	68	136	38	29	163	7,848	1,200	9,574
Carrying amount											
At 1 April 2021		1,845	735	92	86	62	51	304	27,354	3,240	33,769
At 31 March 2022		1,845	719	132	279	- 56	50	212	31,708	4,206	39,207

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (a) Assets pledged as security

Freehold land and buildings with a carrying amount of RM2,563,855 (2021: RM2,579,665; 2020: RM2,595,475 and 2019: RM2,611,285) have been pledged as security to secure term loans of the Group as disclosed in Note 15(a).

Leased assets are piedged as security for the related finance lease liability is disclosed in Note 15(b).

#### (b) Right-of-use assets

The Group leases office space and rooftops to place solar equipment. The leases for office space and rooftops generally have lease terms between 3 to 22 years.

The Group has motor vehicles and solar equipment under finance lease which is classified as right-of-use assets.

Information about leases for which the Group is a lessee is presented below:

-- -

	Motor Vehicles RM'000	Solar equipment RM'000	Rooftop RM'000	Office RM'000	Total RM'000
Carrying amount					
At 1 April 2018	81		*	•	81
Depreciation	(17)		-	-	(17)
At 1 April 2019	64		-	-	64
Additions	162	123	•	-	285
Depreciation	(32)	(43)	-	-	(75)
At 31 March 2020	194	80	*	-	274
Acquisition of subsidiaries	246	-	2,794	-	3,040
Depreciation	(49)	(25)	•	-	(74)
At 31 March 2021	391	55	2,794	_	3,240
Additions	506	-	-	1,239	1,745
Disposal	(208)	-	-	-	(208)
Depreciation	(114)	(24)	(161)	(241)	(540)
Reclassification	-	(31)	-		(31)
At 31 March 2022	575		2,633	998	4,206

#### **SUNVIEW GROUP BERHAD**

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### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 6. OTHER INVESTMENTS

	→ As at 31 March						
	2019	2020	2021	2022			
	RM'000	RM'000	RM'000	RM'000			
Unquoted securities							
Equity instruments, at fair value	134	-	-	-+			

#### 7. GOODWILL

	← As at 31 March →						
	2019 RM'000	<b>202</b> 0 RM'000	2021 RM'000	2022 RM'000			
At the beginning of financial year Additions	•	٠	-	17,255			
- acquisition of subsidiaries		-	17,255	-			
At the end of financial year	-	-	17,255	17,255			

# Impairment of goodwill

Management reviews the business performance based on the type of services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's CGU which is also its reportable operating segment, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amount of goodwill allocated to the CGU of the Group is as follows:

	4	→ As at 31 March					
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000			
Goodwill			17,255	17,255			

#### **SUNVIEW GROUP BERHAD**

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#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 7. GOODWILL (CONTINUED)

#### Impairment of goodwill (continued)

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by the management covering a five-year period including near-term impact from Covid-19. The economic uncertainties from Covid-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than expected.

The key assumptions used for value-in-use calculation are:

- (i) The internal rate of return ("IRR") using an estimated growth rate of 2.55% to 3%; and
- (ii) The discounted rate of 7% applied to the cash flows projection is pre-tax and reflects management's estimate of the risk specific to the CGU at the date of assessment.

Based on the sensitivity analysis performed, the Group is of the opinion that there are no reasonable possible changes in key assumptions which would cause the carrying value of the CGU to exceed its recoverable amounts.

### 8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax asset/(liabilities) related to the following:

	At	Recognised	At
	1 April	in profit or	31 March
	2018	loss	2019
	RM'000	RM'000	RM'000
Deferred tax assets:			
Unabsorbed capital allowance	~	25	25
Unabsorbed business losses		106	106
	-	131	131
Deferred tax liabilities:			
Property, plant and equipment	(16)	(19)	(35)
	(16)	112	96

### **SUNVIEW GROUP BERHAD**

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# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax asset/(liabilities) related to the following: (continued)

		At 1 April 2019 R <b>M</b> '0 <b>0</b> 0	Recogr in pro		At 31 March 2020 RM'000
Deferred tax assets:					
Unabsorbed capital allowance		25		(25)	-
Unabsorbed business losses		106		(106) ————————————————————————————————————	-
		<b>13</b> 1		(131)	-
Deferred tax liabilities:	-				
Property, plant and equipment		(35)		(32)	(67)
	96			(163)	(67)
	At 1 April 2020 RM'000	Acquisition RM'000	Recognised in retained earnings RM'000	Recognised in profit or loss RM'000	At 31 March 2021 RM'000
Deferred tax assets: Redeemable convertible preference shares	_		(46)	120	74
Unabsorbed business losses	-	21	*	-	21
Unused capital allowances	-	566		-	568
	*	587	(46)	120	661
Deferred tax liabilities:					
Property, plant and equipment	(67)	(894)	•	(7)	(968)
	(67)	(307)	(46)	113	(307)
					كينان المتعادد والمتعادد والمتعاد والمتعادد والمتعادد والمتعادد والمتعادد والمتعادد والمتعادد وا

### **SUNVIEW GROUP BERHAD**

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# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax asset/(liabilities) related to the following: (continued)

	At	Recognised	Recognised	At
	1 April	in retained	in profit or	31 March
	2021	earnings	loss	2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets:				
Redeemable convertible preference				
shares	74	46	(120)	•
Irredeemable convertible preference				
shares	-	-	893	<b>89</b> 3
Unabsorbed business losses	21	•	•	21
Unused capital allowances	566	-	43	609
	661	46	816	1,523
Deferred tax liabilities:				
Property, plant and equipment	(968)		(210)	(1,178)
	(307)	46	606	345
	4	—— As at 31	March	
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	96	_	•	702
Deferred tax liabilities	-	(67)	(307)	(358)
	96	(67)	(307)	344
		-		

<sup>\*</sup> Less than RM1,000.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	4	← As at 31 March				
	2019	2020	2021	2022		
	RM'000	RM'000	RM'000	RM'000		
Unabsorbed capital allowance	-	-	2,713	9, <b>439</b>		
Unabsorbed business losses	-	-	-	171		
Temporary differences arising from property, plant and						
equipment	-	-	(2,689)	(9,294)		
		•	24	316		

The availability of unused tax losses for offsetting against future taxable profils of the respective proposed subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

#### 9. INVENTORIES

	→ As at 31 March →					
	2019	2020	2021	2022		
	RM'000	RM'000	RM'000	RM'000		
At cost:						
Solar panel and parts	<b>65</b> 9	1,266	1,120	3,066		

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM31,308,267 (2021: RM14,139,588; 2020: RM6,174,372 and 2019: RM3,177,547).

### **SUNVIEW GROUP BERHAD**

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# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 10. CONTRACT ASSETS/(LIABILITIES)

	← As at 31 March →					
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000		
Contract assets relating to construction services contract	378	3,84 <del>9</del>	4,556	46,187		
Contract assets relating to timing difference between recognition of revenue and issuance of invoices	-	-	379	337		
Total contract assets	378	3,849	4,935	46,524		
Contract liabilities relating to construction services contract	(467)	(4,752)	(555)	(19,266)		

# (a) Significant changes in contract balances

	As at 31 March						<b>→</b>		
	20	119	2020		20	<b>2</b> 021		2022	
	Contract assets Increase/ (decrease) RM/000	Contract liabilities increase/ (decrease) RM*000	Contract assets Increasel (decrease) RM'000	Contract liabilities increase! (decrease) RM*000	Contract assets Increase/ (decrease) RM*000	Contract liabilities Increase/ (decrease) RM(000	Contract assets increase/ (decrease) RM*000	Contract liabilities Increase/ (decrease) RM/D00	
Revenue recognised that was included in contract liabilities at the beginning of the financial year	•	11	•	467	•	4,752	•	555	
Increases due to cash received excluding amounts recognised as revenue during the financial year		(467)	_	(4,752)		(555)	_	(19,266)	
Increases as a result of changes in the measure of progress	364	-	3,815		3,545		43,392	•	
Transfer from conflact assets recognised at the beginning of the financial year to receivables	(848)		(344)		(3,159)		(2,140)		
Acquisition of subsidiary			- (0 <del>-11</del> )	•	321		[c, 140]	•	

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 10. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

# (b) Revenue recognised in relation to contract balances

	← As at 31 March →					
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000		
Revenue recognised that was included in contract liabilities at						
the beginning of the financial year	11	467	4,752	555		

### 11. TRADE AND OTHER RECEIVABLES

		← As at 31 March				
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
Trade						
Trade receivables	(a)					
- Third parties		891	9,070	12,885	8,064	
- Related parties		30	-	-	-	
Less: Impairment losses in						
trade receivables	(c)	(106)	(106)	(107)	(107)	
Retention sum		-	•	-	1,142	
	_	815	8,964	12,778	9,099	
Non-trade						
Other receivables		294	617	2,787	2,105	
Deposits		555	704	1,267	3,613	
Prepayments	(b)	440	644	1,694	16,771	
GST receivables		81	81	44	44	
Less: Impairment losses in						
other receivables	(c) 	-	-	(260)	(260)	
	_	1,370	2,046	5,532	22,273	
Total trade and other		2 400	11.010	4B 240	24 272	
receivables	_	2,185	11,010	18,310	31,372	

### **SUNVIEW GROUP BERHAD**

Accountants' Report

### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from the date of invoices to 60 days. Other credit terms are assessed and approved on a case by case basis.

The information about the credit exposures are disclosed in Note 24(b).

#### (b) Prepayments

Included in prepayment are advance payment to suppliers amounting to RM15,599,005 (2021; RM1,508,418; 2020; RM329,080 and 2019; RM19,007).

#### (c) Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date and the reconcillation of movement in the impairment of trade receivables are as follows:

← As at 31 March ← →						
2019	2020	2021	2022			
RM'000	RM'000	RM'000	RM'000			
96	106	106	107			
10	-	1	-			
106	108	107	107			
-	-	-	260			
	-	260	-			
	-	260	260			
	<b>RM'000</b> 96	2019 2020 RM'000 RM'000 96 106 10 -	2019			

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 12. CASH AND SHORT-TERM DEPOSITS

	← As at 31 March →				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
Cash and bank balances Short-term deposits placed	1,103	1,730	8,220	4,326	
with licensed banks	180	289	8,653	15,781	
	1,283	2,019	16,873	20,107	

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the followings:

	<del></del>			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Short-term deposits	180	289	8,653	15,781
Less: Pledged deposits	(180)	(289)	(1,136)	(15,687)
	-	-	7,517	94
Cash and bank balances	1,103	1,730	8,220	4,326
Bank overdrafts	(770)	(782)	(507)	(2,529)
	333	948	15,230	1,891

Included in the deposits placed with licensed banks of the Group:

<sup>(</sup>i) RM15,687,140 (2021: RM1,135,798; 2020: RM288,583 and 2019: RM180,000) is pledged to finance facilities granted to the Group, respectively as disclosed in Note 15(a).

### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(ii) During the financial year, the Group made the following cash payments to purchase property, plant and equipment

FYE 31 March					
Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
5	505	677	6,674	7,919	
	(104)	(142)	-	(1,722)	
	-	•	(5,800)	(5,564)	
_		-			
_	401	535	874	633	
		Note RM'000  5 505 (104)	2019 2020 Note RM'000 RM'000  5 505 677 (104) (142)	2019 2020 2021 Note RM'000 RM'000 RM'000  5 505 677 6,674  (104) (142) (5,800)	

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	As at 1 April		Non-cash	As at 31 March
	2018 RM'000	Cash flow RM'000	Other RM'000	2019 RM'000
Term loans	2,590	(358)	-	2,232
Lease liabilities	<b>8</b> 2	(19)	104	167
Bankers' acceptance	-	779	-	779
Amount owing to directors	87	5	•	92
_	2,759	407	104	3,270

	As at 1 April		Non-cash	As at 31 March
	2019 RM'000	Cash flow RM'000	Other RM'000	2020 RM'000
Term loans	2,232	(311)	•	1,921
Lease liabilities	167	(74)	143	236
Bankers' acceptance	779	(238)	-	541
Amount owing to directors	91	30	1,000	1,121
	3,269	(593)	1,143	3,819

# **SUNVIEW GROUP BERHAD**

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# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 12. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows: (continued)

	As at 1 April		← Non-c	ash —	As at 31 March
	2020	Cash flow	Acquisition	Other	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	1,921	765	17,077	5,800	25,563
Lease liabilities Redeemable convertible	236	(88)	3,363	-	3,511
preference shares	•	16,000	•	<b>3</b> 11	16,311
Bankers' acceptance	541	403	-	-	944
Amount owing to directors	1,121	(1,120)	-	•	1
_	3,819	15,960	20,440	6,111	46,330
		As at		Non-cash	As at
		1 April			31 March
		2021	Cash flow	Other	2022
		RM'000	RM'000	RM'000	RM'000
Term loans		25,563	10,439	5,563	41,565
Lease liabilities		3,511	(644)	1,722	4,589
Bankers' acceptance		944	(477)	-	467
Amount owing to directors		1	*	-	1
	_	30,019	9,318	7,285	46,622

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 13. INVESTED EQUITY

	4		,	As at 31	March		_		
	←N	umber of or	dinary shar	res	4	Amo	ount	<b>→</b>	
	2019	2020	2021	2022	2019	2020	2021	2022	
	Unit	Unit	Unit	Unit	RM'000	RM'000	RM'000	RM'000	
At 1 April	750,000	750,000	845,070	845,070	750	750	2,250	2,250	
Issuance of ordinary shares	-	95,070		365,502	-	1,500	-	21,999	
At 31 March	<b>7</b> 50, <b>000</b>	845,070	845,070	1,210,572	750	2,250	2,250	24,248	

The new ordinary shares issued during the financial years rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

#### 14. OTHER RESERVE

	4	<b>(</b>	As at 3'		
		2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
At beginning of the year		•	-	-	144
Issuance of equity component of redeemable convertible preference shares	(a)		_	144	-
Redemption of equity component of redeemable convertible preference shares	(-)				(144)
Issuance of equity component of irredeemable convertible preference shares	/L\				` '
presence strates	(b)		-		12,800
At 31 March	-	<b>*</b>		144	12,800

### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 14. OTHER RESERVE (CONTINUED)

#### (a) Equity component of redeemable convertible preference shares ("RCPS")

This represents the residual amount of RCPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from RCPS. Further details on the RCPS are disclosed in Note 15(c).

On 29 November 2021, the Group and Basil Power Sdn. Bhd. ("Basil Power") entered into an agreement on the redemption of the RCPS via a fresh allotment and issuance of irredeemable convertible preference shares ("ICPS"), and any ordinary shares upon conversion of the ICPS.

# (b) Equity component of ICPS

This represents the residual amount of ICPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from ICPS. Further details on the RCPS are disclosed in Note 15(f).

#### 15. LOANS AND BORROWINGS

	•		As at 31	As at 31 March		
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
Non-current:						
Term loans	(a)	1,923	1,662	23,231	38,753	
Lease liabilities Redeemable convertible	(b)	101	131	3,345	3,979	
preference shares	(c)	-	-	16,311		
		2,024	1,793	42,887	42,732	
Current:		,				
Term loans	(a)	309	259	<b>2,33</b> 2	<b>2</b> ,812	
Lease liabilities	(b)	66	105	<b>16</b> 6	<del>6</del> 10	
Bank overdraft	(d)	770	782	507	<b>2,</b> 529	
Bankers' acceptance Irredeemable convertible	(e)	779	541	944	467	
preference shares	<b>(f)</b>	-	-	-	3,719	
	_	1,924	1,687	3,949	10,137	

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 15. LOANS AND BORROWINGS (CONTINUED)

	•		As at 31		
		2019	2020	2021	2022
	Note	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings:					
Term loans	(a)	2,232	1,921	25,563	41,565
Lease liabilities	(b)	167	236	3,511	4,589
Redeemable convertible					
preference shares	(c)	-	•	16, <b>311</b>	-
Bank overdraft	(d)	770	782	507	2,529
Bankers' acceptance Irredeemable convertible	(e)	7 <b>7</b> 9	541	944	467
preference shares	(f)	<u>-</u>		<b></b>	3,719
	_	3,948	3,480	46,836	52,869

#### (a) Term loan

Term loan 1 of the Group of RM NIL (2021: RM NIL; 2020: RM NIL and 2019: RM 88,668) bears interest at flat rate of 7.5% per annum and is payable by monthly instalment of RM15,313 over 3 years commencing from the date of full release of the loan and is secured and supported as follows:

(i) Joint and severally guaranteed by Directors.

Term loan 2 of the Group of RM643,917 (2021: RM857,640; 2020: RM914,380 and 2019: RM1,088,125) bears interest at base lending rate ("BLR") plus 3.5% per annum and is payable by monthly instalment of RM23,017 over 7 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Joint and severally guaranteed by Directors.

Term loan 3 of the Group of RM940,793 (2021: RM994,389; 2020: RM1,007,298; and 2019: RM1,055,058) bears interest at base financing rate ("BFR") minus 1.9% per annum and is payable by monthly instalment of RM7,762 over 20 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and severally guaranteed by Directors; and
- (ii) Legal charge over the freehold land and building.

Term loan 4 of the Group of RM786,297 (2021:RM 972,951; 2020: RM NIL and 2019: RM NIL) bears interest at flat rate of 3.5% per annum and is payable by monthly instalment of RM18,192 over 5 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and severally guaranteed by Directors; and
- (ii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") which provides a guarantee of 80% on the loan amount.

#### SUNVIEW GROUP BERHAD

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 15. LOANS AND BORROWINGS (CONTINUED)

#### (a) Term Loans (continued)

Term loan 5 of the Group of RM3,776,346 (2021; RM4,061,612; 2020; RM NIL and 2019; RM NIL) bears interest at BFR minus 1.5% per annum and is payable by monthly instalment of RM36,609 over 12 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Facilities agreement;
- (ii) Guarantee from SJPP which provides a guarantee of 80% on the loan amount;
- (iii) Corporate guarantee by fellow subsidiaries;
- (iv) Corporate guarantee by immediate holding company;
- (v) Joint and several guarantee by directors; and
- (vi) Specific debenture over asset of net energy metering ("NEM") project.

Term loan 6 of the Group of RM1,493,463 (2021: RM1,600,000; 2020: RM NIL and 2019: RM NIL) bears interest at BFR minus 1.5% per annum and is payable by monthly instalment of RM13,946 over 12 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Facilities Agreement;
- (ii) Guarantee from SJPP which provides a guarantee of 80% on the loan amount;
- (iii) Corporate guarantee of fellow subsidiaries;
- (iv) Corporate guarantee of immediate holding company; and
- (v) Joint and several guarantee of directors; and
- (vi) Specific debenture over asset of NEM project.

Term loan 7 of the Group of RM 5,230,449 (2021: RM5,180,460; 2020: RM NIL and 2019: RM NIL) bears interest at cost of finance ("COF") plus 2% per annum and is repayable by monthly instalments of RM77,060 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed received from TNB;
- (ii) Assignment over Finance Service Reserve Account ("FSRA");
- (iii) Specific Debenture over the solar equipment;
- (iv) Assent to the Deed of Assignment of Feed in Tariff ("FiT") proceeds under the Renewable Energy Power Purchase Agreement ("REPPA") between the Group and Tenaga Nasional Berhad ("TNB");
- (v) Irrevocable Letter of Instruction (ILI\*) from the Company and acknowledged by the Group as to direct credit all contract proceeds into Collection Account maintained by Bank Islam;
- (vi) Letter of Disclaimer from landlord and/or Letter of Consent from financier; and
- (vii) Joint and several guarantee by directors of the Company.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 15. LOANS AND BORROWINGS (CONTINUED)

#### (a) Term Loans (continued)

Term loan 8 of the Group of RM5,934,908 (2021: RM5,877,069; 2020: RM NIL and 2019: RM NIL) bears interest at COF plus 2% per annum and is repayable by monthly instalments of RM87,049 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

- Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed received from TNB;
- (ii) Assignment over FSRA;
- (iii) Specific Debenture over the solar equipment;
- (iv) Assent to the Deed of Assignment of FiT proceeds under the REPPA between the Company and TNB;
- (v) ILI from the Company and acknowledged by the Group as to direct credit all contract proceeds into Collection Account maintained by Bank Islam:
- (vi) Letter of Disclaimer from landlord and/or Letter of Consent from financier; and
- (vii) Joint and several guarantee by directors of the Company.

Term loan 9 of the Group of RM286,158 (2021: RM300,000; 2020: RM NIL and 2019: RM NIL) bears interest at BFR per annum and is repayable by monthly instalments of RM6,718 over five years and nine months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by directors of the Company; and
- (ii) Corporate Guarantee by SJPP up to 80% from the financing amount.

Term loan 10 of the Group of RM430,733 (2021: RM466,274; 2020: RM NIL and 2019: RM NIL) bears interest at BFR per annum and is repayable by monthly instalments of RM9,096 over five years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by directors; and
- (ii) Guarantee by SJPP under the Penjana SME Financing Government Guarantee Scheme-Prihatin ("PSF GGSP") of up to RM400,000.

Term loan 11 of the Group of RM4,666,440 (2021: RM5,253,558; 2020: RM NIL and 2019: RM NIL) bears interest at BLR minus 0.9% per annum and is repayable by monthly instalments of RM66,583 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) A Facility Agreement to secure repayment of principal together with interest;
- (ii) Assignment over the right to the Lease Agreement between the Company and F.Y. Food Processing Sdn. Bhd. over a place of land where the solar power is constructed;
- (iii) Assignment over the right of the Company to the proceeds from the sales of electricity in respect of the REPPA between the Company and TNB;
- (iv) Debenture incorporating a fixed charge over the solar power plant;
- (v) Corporate Guarantee by Sendang Energy Sdn. Bhd.; and
- (vi) Joint and several guarantee by directors of the Company.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 15. LOANS AND BORROWINGS (CONTINUED)

#### (a) Term Loans (continued)

Term loan 12 of the Group of RM12,057,776 (2021, 2020 and 2019: RM NIL) bears interest at BFR plus 0.25% per annum and is repayable by monthly instalments of RM230,176 over seven years commencing from the third year from the day of first drawdown and is secured and supported as follows:

- (i) Facilities agreement;
- (ii) Pledge of Commodity Murabahah Term Deposit-i ("CMTB")
- (iii) Debenture creating a fixed and floating charge over the present and future assets of the Customer as Subsidiary Instrument; and
- (iv) Joint and several guarantee of directors.

Term loan 13 of the Group of RM1,366,483 (2021, 2020 and 2019: RM NIL) bears interest at BLR minus 1.5% per annum and is payable by monthly instalment of RM15,044 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Facilities agreement;
- (ii) Certificate of Guarantee of SJPP under the Government Guarantee Scheme-Prihatin
- (iii) Debt Service Reserve Account ("DSRA") equivalent to 6 months of principal and interest rate payment;
- (iv) Assignment of all rights, interests and benefits of the Group and the proceed from the sales of electricity;
- (v) Joint and several guarantee of directors;
- (vi) Specific debenture over asset of NEM and Self-Consumption ("SELCO") project;
- (vii) Corporate guarantee by fellow subsidiaries; and
- (viii) Corporate guarantee by immediate holding company.

Term loan 14 of the Group of RM3,951,639 (2021, 2020 and 2019: RM NIL) bears interest at BLR minus 1.5% per annum and is payable by monthly instalment of RM43,482 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Facilities agreement;
- (ii) Certificate of Guarantee of SJPP under the Government Guarantee Scheme-Prinatin
- (iii) DSRA equivalent to 6 months of principal and interest rate payment;
- (iv) Assignment of all rights, interests and benefits of the Group and the proceed from the sales of electricity;
- (v) Joint and several guarantee of directors;
- (vi) Specific debenture over asset of NEM and SELCO project;
- (vii) Corporate guarantee by fellow subsidiaries; and
- (viii) Corporate guarantee by immediate holding company.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 15. LOANS AND BORROWINGS (CONTINUED)

# (b) Lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	◆ As at 31 March				
	2019 RM'000	2020 RM'000	2021 RM*000	2022 RM'000	
Minimum lease payment:					
- Not later than one year	75	116	355	833	
- Later than one year and not					
later than five years	106	144	1,277	2,000	
- More than five years		•	3,804	3,586	
	181	260	5,436	6,419	
Less: Future finance charges	(14)	(24)	(1,925)	(1,830)	
Present value of minimum					
lease payments	167	236	3,511	4,589	
	4				
	2019	2020	2021	2022	
	RM'DOO	RM'00D	RM'000	RM'000	
Present value of minimum lease payment payable:	,	, V			
- Not later than one year	66	105	166	610	
Later than one year and not					
later than five years	101	<b>1</b> 31	713	1,353	
- More than five years	-	No.	2,632	2,626	
	167	236	3,511	4,589	
Less: Amount due within twelve months	(66)	(105)	(166)	(610	
Amount due after twelve					
months	101	<b>13</b> 1	3,345	3,979	

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 15. LOANS AND BORROWINGS (CONTINUED)

### (c) Redeemable convertible preference shares ("RCPS")

On 15 December 2020, 450,704 RCPS of RM16,000,000 were issued by the Group at an issue price of RM35.50 per share. The salient features of the RCPS are as follows:

- Subject to and upon compliance with the qualifying initial public offering ("QIPO"), the RCPS automatic converted into new ordinary shares of the Group at any time before the maturity date;
- ii) Each RCPS shall be entitled to be converted into 1 conversion shares in the Group on a fully diluted basis;
- iii) The RCPS shall rank pari passu amongst themselves, and in priority to the ordinary shares in the Group;
- iv) No dividend shall be paid during the tenure of the RCPS, unless otherwise declared;
- v) In the event of there being no QIPO conversion on or before the maturity date, and subject to and accordance with Section 72 of the Companies Act, all the RCPS shall immediately become redeemable at 100% of the Subscription price of the RCPS together with compounded interest of 12% per annum, which shall be payable within 90 days from the maturity date.

The amount of the redeemable preference share classified as equity is net of attributable transaction costs. Deferred tax liability of RM45,534 has been recognised directly to statement of changes in equity.

On 29 November 2021, the Group entered into an agreement on the redemption of the RCPS via a fresh allotment and issuance of ICPS, and any ordinary shares upon conversion of the ICPS.

	4		As at 31 March		<del></del>	
		2019	2020	2021	2022	
	Note	RM'000	RM'000	RM'000	RM'000	
At beginning of the year		_	-	-	16,311	
Issuance of liability component of redeemable convertible						
preference shares	14(a)	-	•	16,311	-	
Redemption of liability component of redeemable convertible preference shares		•		•	(16,311)	
Issuance of liability component of irredeemable convertible					(10(011)	
preference shares	14(b)	•	-	•	3,719	
At 31 March		-	-	16,311	3,719	

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 15. LOANS AND BORROWINGS (CONTINUED)

#### (d) Bank overdrafts

Bank overdraft 1 of the Group bears interest of BFR plus 1.5% per annum and are secured and supported as follows:

- (i) Guarantee by SJPP for up to 70% from the approved amount under the facility
- (ii) A guarantee fee of RM6,678 is repayable on an annual basis; and
- (iii) Joint and several guarantee by the directors.

Bank overdraft 2 of the Group bears interest of BNM funding rate ("FR") plus 4.5% per annum for the first 5 years from the date of first disbursement, BLR plus 2% thereafter and are secured and supported as follows:

- (i) Facilities agreement:
- (ii) Pledged of fixed deposit by way of sinking fund, shall start effect on 15th of the month:
- (iii) Joint and several guarantee by the directors; and
- (iv) Guarantee by SJPP for up to 70% from the approved amount under the facility.

### (e) Banker's acceptance ("BA")

Banker's acceptance of the Group is secured and supported as follows:

- (i) A guarantee of RM1,300,000 to be executed by all directors; and
- (ii) The interest is charges at 2.50% p.a. over Bank's BFR of face value of each BA for first five years. Thereafter charged at 1.5% p.a. of face value of each BA from the 6<sup>th</sup> years onwards.

#### (f) ICPS

On 29 November 2021, 450,704 ICPS of RM35.50 per ICPS amounting to RM16,000,000 were issued by the Group pursuant to redemption of RCPS. The salient features of the ICPS are as follows:

- Subject to and upon compliance with the qualifying initial public offering ("QIPO"), the ICPS is automatically converted into new ordinary shares of the Group at any time before the maturity date;
- ii) Each ICPS shall be entitled to be converted into 1 conversion shares in the Group on a fully diluted basis;
- iii) The ICPS shall rank parl passu amongst themselves, and in priority to the ordinary shares of the Group;
- No dividend shall be paid during the tenure of the ICPS, unless otherwise declared;
   and
- v) In the event of there being no QIPO conversion on or before the maturity date, and subject to and accordance with Section 72 of the Companies Act, all the ICPS shall immediately become redeemable at 100% of the subscription price of the ICPS together with compounded interest of 12% per annum, which shall be payable within 90 days from the maturity date on 31 December 2022.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 16. TRADE AND OTHER PAYABLES

	4	<del></del>	As at 31	<b></b>	
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Current:					
Trade					
Trade payables	(a)				
- Third parties		336	4,978	5,628	19,050
Accrued billing		•	-	-	1,500
Retention sum		-	-	_	66
	_	336	4,978	5,628	20,616
Non-trade:					
Other payables	(c)	798	1,817	25,203	6,898
Amount owing to directors	(b)	92	1,121	1	1
Amount owing to related					
parties	(b)	89	•	-	-
Accruais		26	26	180	124
Deposits payable		175	145	199	1,135
	_	1,180	3,109	25,583	8,158
Total trade and other					
payables		1,516	8,087	31,211	28,774

#### (a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from the date of invoices to 90 days.

# (b) Amount owing to directors and related parties

Amount owing to directors and related parties are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

#### (c) Other payables

Included in other payables are acquisition of subsidiaries' consideration of RM NIL (2021: RM20,240,000), which are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

For explanation on the Group's liquidity risk management processes, refer to Note 24(b)(ii).

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 17. REVENUE

	FYE 31 March					
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000		
At a point in time:						
Associated services and						
products	744	5,181	5,684	11,809		
Over time:						
EPCC of Solar PV						
facilities	4,316	10,200	19,958	75,168		
Construction and installation of solar	·					
PV facilities	591	10,994	17 <b>,49</b> 1	8,788		
Power supply	**		197	3,498		
	5,651	26,375	43,330	99,263		
	<del></del>	***	***************************************			

### 18. OTHER INCOME

	FYE 31 March						
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000			
	KW UUU	KM UUU	KM UUU	KINI UUU			
Government grants	<del>-</del>	<u>.</u>	42	71			
Interest income	*	*	27	121			
Compensation from							
insurance			95	-			
Gain on disposal of							
property, plant and							
equipments	**	•	-	21			
Gain on disposal of							
associate	-	**	*	<b>-</b>			
Management fee income	-	•	•	-			
Realised gain on foreign							
exchange	•	**	60	46			
Unrealised gain on foreign							
exchange	•	•	**	-			
Redemption of redeemable							
convertible preference							
shares	*	•	*	501			
Trade payables written down		**	•	110			
	*	*	224	870			
	William Commence of the Commen	-					

Less than RM1,000.

# **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 19. FINANCE COSTS

	FYE 31 March						
	2019 RM'000	2020 R <b>M</b> '0 <b>0</b> 0	2021 RM'000	2022 RM'000			
Interest expense on:							
- Term loans	212	151	226	1,800			
- Lease liabilities	4	12	49	<b>2</b> 25			
- Overdraft interest	64	64	10	-			
- RCPS	-	-	5 <b>01</b>	-			
- ICPS	•			519			
	280	<b>2</b> 27	786	2,544			

# 20. (LOSS)/PROFIT BEFORE TAX

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at (loss)/profit before tax:

	•		FYE 31 !		
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Auditors' remuneration					
- Current year		17	31	34	90
- Prior year		*	-	6	-
Depreciation of property,					
plant and equipment	5	108	167	287	2,146
Written off of property,					·
plant and equipment	5	-	-	50	127
Provision for impairment losses in trade and	-				
other receivables	11	10	-	1	•
Employee benefits					
expense	21	1,356	2,027	2,776	6,004
Trade payables written		·			
down		-	<b>146</b>	-	110
Net realised foreign					
exchange loss		33	163	171	206
Net unrealised foreign					
exchange loss		5	168	-	3

<sup>\*</sup> Less than RM1,000.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 21. EMPLOYEE BENEFITS EXPENSE

	← FYE 31 March					
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000		
Directors' fee	120	120	120	120		
Salaries, wages, allowances						
and bonuses	1,094	1,700	2,346	5,235		
Defined contribution plans	131	190	<b>28</b> 3	602		
Other staff related benefits	11	17	27	47		
	1,356	2,027	2,776	6,004		
Included in employee benefits expense are:						
Directors' remuneration						
- Directors' fee	120	120	120	120		
- Salaries, allowances and						
bonuses	392	384	455	708		
- Defined contribution plans	47	46	55	85		
- Other staff related benefits	2	2	2	2		
	561	552	632	915		
	<del> </del>					

#### 22. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 are as follows:

	← FYE 31 March			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Combined statements of comprehensive income Current income tax:				
- Current income tax charge - Adjustment in respect of prior	-	568	2,665	3,011
years	21	(6)	*	(433)
	21	562	2,665	2,578
Deferred tax:				
<ul> <li>Origination/(reversal) of temporary difference</li> <li>Adjustment in respect of</li> </ul>	(119)	166	(109)	(599)
prior financial years	7	(3)	(4)	(7)
	(112)	163	(113)	(606)
Income tax (benefit)/expense recognised in profit or loss	(91)	725	2,552	1,972

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 22. INCOME TAX EXPENSE (CONTINUED)

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid up capital of RM2,500,000 and below is subject to the statutory tax rate of 17% on chargeable income up to RM500,000. For chargeable income in excess of RM500,000, statutory tax rate of 24% is still applicable.

Domestic income tax is calculated at the Malaysia statutory income tax rate 24% of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expense are as follows:

	← FYE 31 March →			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
(Loss)/profit before tax	(799)	3,254	8,343	10,859
Tax at Malaysian statutory	•			
income tax rate of 24% Adjustments:	(192)	781	2,002	2,606
SME tax savings	•	(35)	-	-
Income not subject to tax	-	-	(23)	(17)
Non-deductible expenses Utilisation of unrecognised	78	107	555	646
deferred tax asset  Deferred tax not recognised	•	•	- 22	- 70
on temporary differences Tax exempted	(5)	(119)	-	-
Deferred tax recognised on irredeemable convertible preferences share	-	•	-	(893)
Adjustment in respect of current income tax of prior years	21	(6)	-	(433)
Adjustment in respect of deferred tax of prior years	7	(3)	(4)	(7)
Income tax (benefit)/expense	(91)	725	2,552	1,972

# SUNVIEW GROUP BERHAD

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 23. DIVIDENDS

← As at 31 March ← →			
2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
700	-	-	-
500	-	•	-
	1,000	-	
1,200	1,000	-	
	700 500	2019 2020 RM'0000 RM'0000  700 -  500 -  1,000	2019 2020 2021 RM'000 RM'000  700  500  1,000 -

### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 24. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM'000	Amortised cost RM'000
At 31 March 2019		
Financial assets		
Trade and other receivables,	4 77 4 77	4 745
less prepayments	1,745	1,745
Cash and short-term deposits	1,283	1,283
	3,028	3,028
Financial liabilities		
Loans and borrowings	(3,948)	(3,948)
Trade and other payables	(1,516)	(1,516)
	(5,464)	(5,464)
At 31 March 2020		
Financial assets		
Trade and other receivables,		
less prepayments	10,366	10,366
Cash and short-term deposits	2,019	2,019
	12,385	12,385
Financial liabilities		
Loans and borrowings	(3,480)	(3,480)
Trade and other payables	(8,087)	(8,087)
	(11,567)	(11,567)

### **SUNVIEW GROUP BERHAD**

Accountants' Report

# NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

# 24. FINANCIAL INSTRUMENTS (CONTINUED)

# (a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

At 31 March 2021 Financial assets Trade and other receivables, less prepayments Cash and short-term deposits  Financial ilabilities Loans and borrowings Trade and other payables  Carrying amount RM'000  At 31 March 2022 Financial assets Trade and other receivables, less prepayments Trade and other receivables, less prepayments Cash and short-term deposits  Financial ilabilities Loans and borrowings  At 31 March 2022 Financial assets Trade and other receivables, less prepayments Cash and short-term deposits  Financial Ilabilities Loans and borrowings  Financial Ilabilities Loans and borrowings  Trade and other payables  (52,869) Trade and other payables  (81,643)  (81,643)		Carrying amount RM'000	Amortised cost RM'000
less prepayments	Financial assets		
Trade and other receivables   14,601   14,601   14,601   14,601   14,601   14,011		16 616	16 616
Financial liabilities   Loans and borrowings   (46,836)   (46,836)   (78,047)   (78,04	• • •	•	•
Loans and borrowings       (46,836)       (46,836)         Trade and other payables       (31,211)       (31,211)         (78,047)         Carrying amount cost         RM'000         At 31 March 2022         Financial assets         Trade and other receivables, less prepayments         less prepayments       14,601       14,601         Cash and short-term deposits       20,107       20,107         34,708       34,708         Financial liabilities         Loans and borrowings       (52,869)       (52,869)         Trade and other payables       (28,774)       (28,774)		33,489	33,489
Trade and other payables (31,211) (31,211)  (78,047) (78,047)  Carrying Amortised cost RM'000 RM'000  At 31 March 2022 Financial assets  Trade and other receivables, less prepayments 14,601 14,601  Cash and short-term deposits 20,107 20,107  Financial liabilities Loans and borrowings (52,869) (52,869)  Trade and other payables (28,774)	Financial liabilities		
Carrying amount cost   RM'000   RM'000   RM'000	Loans and borrowings	(46,836)	(46,836)
Carrying amount cost RM'000         Amortised cost RM'000           At 31 March 2022         RM'000           Financial assets         14,601           Trade and other receivables, less prepayments         14,601           Cash and short-term deposits         20,107           34,708         34,708           Financial liabilities         (52,869)           Loans and borrowings         (52,869)           Trade and other payables         (28,774)	Trade and other payables	(31,211)	(31,211)
At 31 March 2022       RM'000         Financial assets       14,601         Trade and other receivables, less prepayments       14,601       14,601         Cash and short-term deposits       20,107       20,107         34,708       34,708         Financial liabilities       (52,869)       (52,869)         Trade and other payables       (28,774)       (28,774)		(78,047)	(78,047)
Financial assets         Trade and other receivables, less prepayments       14,601       14,601         Cash and short-term deposits       20,107       20,107         34,708       34,708         Financial liabilities         Loans and borrowings       (52,869)       (52,869)         Trade and other payables       (28,774)       (28,774)		amount	cost
Trade and other receivables, less prepayments       14,601       14,601         Cash and short-term deposits       20,107       20,107         34,708       34,708         Financial liabilities         Loans and borrowings       (52,869)       (52,869)         Trade and other payables       (28,774)       (28,774)	• • • • • • • • • • • • • • • • • • • •		
Cash and short-term deposits         20,107         20,107           34,708         34,708           Financial liabilities           Loans and borrowings         (52,869)         (52,869)           Trade and other payables         (28,774)         (28,774)			
34,708     34,708       Financial liabilities     52,869       Loans and borrowings     (52,869)       Trade and other payables     (28,774)	less prepayments	·	
Financial liabilities Loans and borrowings (52,869) (52,869) Trade and other payables (28,774)	Cash and short-term deposits	20,107	20,107
Loans and borrowings       (52,869)       (52,869)         Trade and other payables       (28,774)       (28,774)		34,708	34,708
Trade and other payables (28,774) (28,774)			
	Financial liabilities		
(81,643) (81,643)		(52,869)	(52,869)
	Loans and borrowings	- · · · · · · · · · · · · · · · · · · ·	- · · · · ·

## SUNVIEW GROUP BERHAD

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

## (i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

#### Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

## Credit risk concentration profile

The Group has no significant concentration of credit risk from its receivables. The Group minimises credit risk by requiring collateral and/or dealing with credit worthy counterparties.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (i) Credit risk (continued)

Credit risk concentration profile (continued)

		← Trade receivables →						
	Contract assets RM'000	Current RM'990	1 to 30 days past due RM'000	31 to 60 days past due PM'000	61 to 90 days past dus RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	Total RM'000
At 31 March 2019								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying	U%	U76	U7e	0%	U76	U79	Ų7k	U%
amount at default	378	2	499	17	98	•	305	921
<b>Imp</b> airment		_						
losses	•						(106)	(106)
At 31 March 2020								
Expected								
credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying								
amount at default Impairment	3,849	436	5,555	1,618	937	196	328	9,070
losses		-			-		(106)	(106)
At 31 March 2021				-				
Expected								
credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying								
amount at default	4,935	3,442	2,674	1,549	372	165	4,683	12,885
Impairment							(407)	(407)
losses		-					(107)	(107)
At 31 March 2022								
Expected	***	***	401	411	***	***	***	
credit loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	46,524	2,632	1,485	159	435	334	4,161	9,206
	TUNET	e,uve	1,700	:00	733	W1	וענוד	3,200
losses	-	-		-	•		(107)	(107)
Impairment losses			*	-			(107)	(*

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (i) Credit risk (continued)

#### Other receivables and other financial assets

For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (i) Credit risk (continued)

## Other receivables and other financial assets (continued)

Some intercompany loans between related entities are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.10(a) for the Group's other accounting policies for impairment of financial assets.

#### Bank guarantees

The Company is exposed to credit risk in relation to bank guarantees given to customers in respect of performance guarantees for certain solar-related projects. The Company monitors the progress of all related projects on an ongoing basis. The maximum exposure to credit risks amount to RM24,002,642 representing the maximum amount the Group could pay if the guarantee is called on as disclosed in Note 24(b)(ii).

As at the reporting date, the bank guarantees have not been recognised as there were no indications that the progress of the solar-related projects would have an impact on the performance guarantees given by the Group, hence triggering the repayment of the performance guarantees.

## (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables and loan and borrowings.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (ii) Liquidity risk (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group's treasury department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

### Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

Carrying   or within   one and five   More than   one year   years   five years   RM'000   RM'000	<del></del>	cash flows	- Contractual	•		
Trade and other payables         1,516         1,516         -         -           Term loans         2,232         372         1,295         1,290           Lease liabilities         167         75         106         -           Bank overdraft         770         770         -         -           Bankers' acceptance         779         779         -         -           5,464         3,512         1,401         1,290           At 31 March 2020         Trade and other payables           8,087         8,087         -         -           Term loans         1,921         187         1,193         994           Lease liabilities         236         116         144         -           Bank overdraft         782         782         -         -	Total RM'000	five years	one and five	or within one year	amount	
Term loans         2,232         372         1,295         1,290           Lease liabilities         167         75         106         -           Bank overdrafi         770         770         -         -           Bankers' acceptance         779         779         -         -           5,454         3,512         1,401         1,290           At 31 March 2020           Trade and other payables         8,087         8,087         -         -           Term loans         1,921         187         1,193         994           Lease liabilities         236         116         144         -           Bank overdrafi         782         782         -         -						At 31 March 2019
Lease liabilities       167       75       106       -         Bank overdraft       770       770       -       -         Bankers' acceptance       779       779       -       -         5,464       3,512       1,401       1,290             At 31 March 2020         Trade and other payables       8,087       -       -         Term loans       1,921       187       1,193       994         Lease liabilities       236       116       144       -         Bank overdraft       782       782       -       -	1,516	•	-	1,516	1,516	Trade and other payables
Bank overdraft       770       770       -       -         Bankers' acceptance       779       779       -       -         5,464       3,512       1,401       1,290    At 31 March 2020  Trade and other payables  8,087  8,087  Term loans 1,921 187 1,193 994 Lease liabilities 236 116 144 - Bank overdraft 782 782       Bank overdraft     782 782     -     -	2,957	1,290	1,295	372	2, <b>232</b>	Term loans
Bankers' acceptance         779         779         -         -           5,464         3,512         1,401         1,290    At 31 March 2020  Trade and other payables  8,087  Fem loans  1,921  187  1,193  994  Lease liabilities  236  116  144  - Bank overdraft  782  782	181	-	106	75	167	Lease liabilities
5,464     3,512     1,401     1,290       At 31 March 2020       Trade and other payables     8,087     -     -       Tem loans     1,921     187     1,193     994       Lease liabilities     236     116     144     -       Bank overdraft     782     782     -     -	770	•	•	770	770	Bank overdrafi
At 31 March 2020  Trade and other payables 8,087  Tem loans 1,921 187 1,193 994  Lease liabilities 236 116 144 -  Bank overdraft 782 782	779	•	•	779	779	Bankers' acceptance
Trade and other payables         8,087         8,087         -         -           Term loans         1,921         187         1,193         994           Lease liabilities         236         116         144         -           Bank overdraft         782         782         -         -	6,203	1,290	1,401	3,512	5,464	
Term loans         1,921         187         1,193         994           Lease liabilities         236         116         144         -           Bank overdraft         782         782         -         -						At 31 March 2020
Lease liabilities         236         116         144         -           Bank overdraft         782         782         -         -	8,087	•		8,067	8,087	Trade and other payables
Bank overdraft 782 782	2,374	994	1,193	187	1,921	Term loans
	260	-	144	116	236	Lease flabilities
Bankers' acceptance 541	782	•		782	782	Bank overdrafi
	541	•		541	541	Bankers' acceptance
11,557 9,713 1,337 994	12,044	994	1,337	9,713	11,567	

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

Maturity analysis (continued)

			Contractual	cash flows —	<del></del>
	Carrying amount RM/000	On demand or within one year RM/000	Between one and five years RW'000	More than five years RM'000	Total RM'000
At 31 March 2021					
Trade and other payables	31,211	31,211		•	31,211
Tem loans	25,563	4,152	15,940	25,153	45,245
Lease liabilities	3,511	355	1,277	3,804	5,436
Redeemable convertible preference shares	16,311	•	20,070	•	20,070
Bank overdraft	507	507	•	-	507
Bankers' acceptance	944	944		•	944
	78,047	37,169	37,287	28,957	103,413
At 31 March 2022					
Trade and other payables	28,774	28,774	-		28,774
Term loans	41,565	4,754	30,088	39,981	74,823
Lease liabilities	4,589	833	2,000	3,586	6,419
Bank overdraft	2,529	2,529	•	•	2,529
Bankers' acceptance	467	467	•	•	467
irredeemable convertible preference shares	3,719	3,719	-	•	3,719
Bank guarantees		24,003		•	24,003
	81,643	65,079	32,088	43,567	140,734
					, ,

## (iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value of future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates related primarily to the Group's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group to manage their treasury activities and exposures. In addition, the Group also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current account in foreign currency.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (ili) Foreign currency risk (continued)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

← As at 31 March →				
2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
36	14	328	15	
*	*	*	*	
*	*	*	*	
46 *	546 -	•	74	
	RM'000	2019 2020 RM'000 RM'000 36 14 * * * *	RM'000 RM'000 RM'000  36 14 328  * * *  46 546 -	

<sup>\*</sup> Less than RM1,000.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (III) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure related mainly to United States Dollar ("USD").

The following table demonstrated the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in rate	Effect on profit and equity for the financial year RM'000
31 March 2019		
- USD	15%	(1)
	-15%	1
31 March 2020		
- USD	15%	(61)
	-15%	61
31 March 2021		
- USD	15%	37
	-15%	(37)
31 March 2022		
- USD	15%	(7)
	-15%	7

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

#### (iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

## Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial years.

	Carrying amount RM'000	Change in basis point	Effect on profit for the financial year/equity RM'000
31 March 2019			
Term loans	2,232	+ 50	(8)
		- 50	8
31 March 2020			
Term loans	1,921	+ 50	(7)
		- 50	7
31 March 2021			
Term loans	25,563	+ 50	(97)
		- 50	97
31 March 2022			
Term loans	41,565	+ 50	(158)
		- 50	158

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 24. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Fair value measurement

The carrying amount of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years.

	Carrying	Fair value	fair	nstruments not value Value ————	carried at
	amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2019					
Financial liabilities					
Term loans	1,923	-		3,889	3,889
At 31 March 2020 Financial liabilities Term loans	1,662		•	3,227	3,227
	.,,				-,
At 31 March 2021 Financial liabilities					
Term loans	23,231	-	-	55,613	55,613
Redeemable convertible preferences shares	16,311	-	-	15,810	15,810
At 31 March 2022 Financial liabilities					
Term loans	38,753	•	•	76,531	76,531

## Level 3 fair value

### Fair value of financial instruments not carried at fair value

The fair value of liability component of term loan and lease liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 25. RELATED PARTIES

## (a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Entities in which directors have substantial financial interests;
- (ii) A person(s) connected to a director, and
- (iii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

## (b) Significant related party transactions

There is no significant related party transactions under the Group.

## (c) Compensation of key management personnel

	FYE 31 March				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
Directors' fee	120	120	120	120	
Salaries, allowances and bonuses	392	384	466	<b>8</b> 65	
Defined contribution plans	47	46	56	103	
Other staff related benefits	2	2	3	3	
	561	552	645	1,091	

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies and processes during the financial years ended 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as net debts divided by equity attributable to the owners of the Group. The gearing ratio as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022, are as follows:

	← As at 31 March				
	Note	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Loans and borrowings (excluding lease liabilities)	15	3,781	3,244	43,325	48,280
Total equity	•	2,224	5,253	11,188	54,730
Gearing ratio (times)	-	1.70	0.62	3.87	0.88

### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS

## (a) Acquisition of Vafe System Sdn. Bhd. ("Vafe System")

On 3 March 2021, Fabulous Sunview entered into a share sale agreement to acquire the entire issued share capital of Vafe System from Sendang Energy Sdn. Bhd. for a cash purchase consideration of RM5,800,000.

The purchase consideration was arrived on a willing buyer-willing seller basis after taking into consideration the present value of expected future cash flows to be generated by the solar PV power plant and the 1 secured project with which was referred to Fabulous Sunview by Vafe System.

	Note	RM'000
Assets		
Property, plant and equipment	5	6,541
Contract assets	10	83
Other receivables	11	1,324
Cash and bank balances	12	271
Total assets		8,219
Liabilities		
Deferred tax liabilities	8	(307)
Loans and borrowings	15	(5,772)
Current tax liabilities		(8)
Trade and other payables	16	(1,343)
Total liabilities		(7,430)
Total identifiable net assets acquired		789
Goodwill arising on aquisition	7	5,011
Total consideration to be transferred		5,800
Effects of acquisition on cash flows:		<b></b>
		RM'000
Total consideration transferred as at 31 March 2021		560
Less: Cash and bank balances of a subsidiary acquired	,	(271)
Net cash outflow on acquisition		289

The acquisition of Vafe System was completed on 11 August 2021.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

## 27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS (CONTINUED)

## (b) Acquisition of Suntech Energy Sdn. Bhd. ("Suntech Energy")

On 24 March 2021, Fabulous Sunview entered into a share sale agreement to acquire the entire issued share capital of Suntech Energy from Khoo Kah Kheng and Ng Chee Yee for a cash purchase consideration of RM15,000,000.

The purchase consideration was arrived on a willing buyer-willing seller basis after taking into consideration the present value of expected future cash flows to be generated by the 2 solar PV power plants and the 2 secured projects which were referred to Fabulous Sunview by Suntech Energy.

	Note	RM'000
Assets		
Property, plant and equipment	5	17,061
Investment in associates		460
Contract assets	10	238
Trade and other receivables	11	1,862
Cash and short terms deposits	12	1,759
Total assets		21,380
Liabilities		
Loans and borrowings	15	(14,668)
Current tax liabilities		(13)
Trade and other payables	16	(3,897)
Total liabilities		(18,578)
Total identifiable net assets acquired		2,802
Share of results of associates, net of tax		30
Goodwill arising on aquistion	7	12,168
Total consideration to be transferred		15,000
Effects of acquisition on cash flows:		Prince
Total consideration transferred as at 31 March 2021		RM'000
Less: Cash and bank balances of a subsidiary acquired		- (1,759)
·		(1,759)
Net cash inflows on acquisition		(1,759)

The acquisition of Suntech Energy was completed on 8 December 2021.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS (CONTINUED)

## (c) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operate.

The Group has performed assessments on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2022.

Given the fluidity of the situation, the Group will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimize the impact of the outbreaks on the Group's operations.

#### (d) Acquisition of Solarcity Reit Sdn. Bhd.

On 5 September 2019, Fabulous Sunview Sdn. Bhd. ("Fabulous Sunview") acquired 49 unit of ordinary shares of RM1 each representing 49% equity interest in Solarcity Reit Sdn. Bhd. for a total consideration of RM49.

On 6 July 2020, Fabulous Sunview acquired additional 2 unit of ordinary shares of RM1 each representing 2% equity interest in Solarcity Reit Sdn. Bhd. for a total consideration of RM2. The equity interest of Fabulous Sunview increased from 49% to 51% and Solarcity Reit Sdn. Bhd. became a subsidiary and ceased to be an associate of Fabulous Sunview.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

### 27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS (CONTINUED)

#### (e) Pre-IPO Fund Raising

- (i) On 2 September 2021, Fabulous Sunview had entered into a shares subscription agreement ("SSA") with Evergreen Credit Express Sdn. Bhd. to subscribe for 33,229 ordinary shares in Fabulous Sunview at a subscription price of RM60.19 each for an aggregate subscription price of RM2,000,053.51.
- (ii) On 2 September 2021, Fabulous Sunview had entered into a SSA with Khoo Kah Kheng to subscribe for 74,761 ordinary shares in Fabulous Sunview at a subscription price of RM60.19 each for an aggregate subscription price of RM4,499,864.59.
- (iii) On 2 September 2021, Fabulous Sunview had entered into a SSA with Ng Chee Yee to subscribe for 74,761 ordinary shares in Fabulous Sunview at a subscription price of RM60.19 each for an aggregate subscription price of RM4,499,864.59.
- (iv) On 15 September 2021, Fabulous Sunview had entered into a SSA with Federal International Holdings Berhad to subscribe for 81,403 ordinary shares in the Fabulous Sunview, at a subscription price of RM60.19 each for an aggregate subscription price of RM4,899,646.57.
- (v) On 15 September 2021, Fabulous Sunview had entered into a SSA with Soh Kah Woi to subscribe for 81,403 ordinary shares in Fabulous Sunview, at a subscription price of RM60.19 each for an aggregate subscription price of RM4,899,646.57.
- (vi) On 15 September 2021, Fabulous Sunview had entered into a SSA with Oon Jin Hsiong to subscribe for 19,943 ordinary shares in Fabulous Sunview, at a subscription price of RM60.19 each for an aggregate subscription price of RM1,200,369.17.

The newly issued subscription shares above will rank pari passu in all respect with the existing ordinary shares of Fabulous Sunview.

## (f) Irredeemable convertible preference shares ("ICPS")

On 29 November 2021, 450,704 RCPS was settled by issuance of 450,704 ICPS of RM16,000,000 by Fabulous Sunview at an issue price of RM35.50 per share. The salient terms of the ICPS are as follows:

- Automatically upon a qualifying initial public offering ("QIPO"), the RCPS automatic converted into new ordinary shares of the Group at any time before the maturity date;
- Each ICPS shall be entitled to be converted into 1 conversion shares in the Group on a fully diluted basis;
- iii) The ICPS shall rank pari passu amongst themselves, and in priority to the ordinary shares in the Group; and
- iv) No dividend shall be paid during the tenure of the ICPS, unless otherwise declared.

#### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 28. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEARS

### (a) Acquisition of Fabulous Sunview

On 20 December 2021, Sunview Group Berhad ("Sunview") entered into a conditional share sale agreement to acquire the entire issued invested equity of Fabulous Sunview of approximately RM40.25 million comprising of 1,661,274 ordinary shares a total purchase consideration of approximately RM49.00 million. The said total purchase consideration was satisfied entirely by the issuance of 349,999,998 new shares at an issue price of approximately RM0.14 per Share.

The total purchase consideration of approximately RM49.00 million for the acquisition of Fabulous Sunview was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the adjusted net assets ("NA") of RM49.42 million.

The transaction was completed on 29 July 2022.

## (b) Conversion of ICPS to ordinary shares

On 22 July 2022, 450,704 ICPS held by Basil Power was converted via a fresh issuance of 450,704 ordinary shares in the share capital of the Company based on the conversion ratio of one (1) ICPS for one (1) ordinary share.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are not entitled to receive dividends, rights, allotments and/or other distributions which may be declared from time to time.

### **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the directors for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	Services
Provision of product and services related to renewable energy	EPCC, construction, installation, associate service and products of solar PV facilities
Power generation	Solar power generation and supply

## Segment profit

Segment profit is used to measure performance as the Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment assets.

## Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment liabilities.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

	Provision of product and services related to renewable energy RM'000	Adjustments and eliminations RM'000	Total RM'000
31 March 2019			
Revenue: Revenue from external customers Inter-segment revenue	5,651 353	- (353)	5,651 -
	6,004	(353)	5,651
Segment loss Income tax benefit	(799)	•	(799) 91
Loss for the financial year		-	(708)
Results: Included in the measure of			
segments loss are: Interest income			*
Interest expense Depreciation			(280) (108)

<sup>\*</sup> Less than RM1,000.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

	Provision of product and services related to renewable energy RM'000	Adjustments and eliminations RM'000	Total RM'000
31 March 2020 Revenue:			
Revenue from external customers Inter-segment revenue	26,375 4,458	- (4,458)	2 <b>6</b> ,375 -
	30,833	(4,458)	26,375
Segment profit income tax expense	3,255	*	3,255 (725)
Profit for the financial year			2,530
Results: Included in the measure of segments profit are:			
Interest income			*
interest expense			(227)
Depreciation			(167)

<sup>\*</sup> Less than RM1,000.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

	Provision of			
	product and services			
	related to		Adjustments	
	renewable	Power	and	
	energy RM'000	generation RM'000	eliminations RM'000	Total RM'000
31 March 2021 Revenue:				
Revenue from external customers	<b>43</b> ,133	197	*	43,330
Inter-segment revenue	25,291	-	(25,291)	-
	68,424	197	(25,291)	43,330
Segment profit/(loss)	10,206	(62)	(1,801)	8,343
Income tax expense				(2,552)
Profit for the financial year			•••	5,791
Results:				
Included in the measure of segments profit are:				
Interest income				27
Interest expense				(786)
Depreciation			_	(287)

<sup>\*</sup> Less than RM1,000.

## **SUNVIEW GROUP BERHAD**

Accountants' Report

## NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

	Provision of product and services related to renewable energy	Power generation RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
31 March 2022					
Revenue: Revenue from external					
customers	95,765	3,498	•	-	99,263
Inter-segment revenue	19,538		-	(19,538)	
	115,303	3,498	-	(19,538)	99,263
Segment profit/(loss) Income tax expense	11,070	(127)	(171)	87	10,859 (1,972)
Profit for the financial year				-	8,887
Results: Included in the measure of segments profit ere: Interest income Interest expense Depreciation					121 (2,544) (2,146)

#### 13. ADDITIONAL INFORMATION

#### 13.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Company's Constitution which complies 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 or the context otherwise requires:

### 13.1.1 Remuneration, voting and borrowing powers of Directors

## (i) Directors' Remuneration

#### Clause 97 - 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:

- 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 a general meeting but such salaries may not include a commission on or percentage of turnover;
- (ii) fees payable to non-executive Directors shall be a fixed sum and not by way of a commission on or percentage of profits or turnover; and
- (iii) 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.

### Clause 98 - Reimbursement of expenses

- (a) The Directors shall be entitled to be reimbursed for all travelling or expenses as may be incurred in attending meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other things required of him as a Director.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of nonexecutive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for any director's fees payable to him from time to time.

#### (ii) Voting and borrowing powers of Directors

## Clause 102 - Directors' borrowing powers

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company (as defined under Section 7 of the Act) as may be thought fit subject always to the Act and/or the Listing Requirements.
- (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.

## 13.1.2 Changes to share capital

## Clause 55 - 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 issuance 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 to the Company by the resolution authorising such increase may direct.

#### Clause 58 - Power to alter capital

Subject to the provisions of the Constitution and the Act, the Company may by ordinary resolution:

- 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 amount 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.

## 13.1.3 Transfer of securities

#### Clause 29 - Transfer in writing

Subject to the 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 upon which the Company is listed on the 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 Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

## 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.

# 13.1.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

## 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:

- (i) the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company; and
- (ii) 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 8 - Repayment of preference capital

Notwithstanding Clause 10, the repayment of preference share capital (other than redeemable preference shares), or any alteration of preference shareholder's rights may be made:

- (i) with the sanction of a special resolution of the preference shareholders concerned; or
- (ii) where the necessary majority for such a special resolution under Clause 8(i) is not obtained at the meeting, consent in writing obtained from the holders of seventy-five per centum (75%) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

## 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:

(i) 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

(ii) 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 the 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 at 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, the quorum is one (1) 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.

## Clause 10 - Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

## Clause 41 - Person entitled may receive dividends etc.

Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.

#### Clause 53 - Rights of stock holders

The holders of stock shall, according to the amount of the stock held by them have the same rights, privileges and advantages with regards dividends, participation in assets on a winding up, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, so that none of such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of the stock which would not, if existing in shares, have conferred such right, privilege or advantage.

## Clause 144 – Payment of dividends

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of the Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

### Clause 158 - Distribution of assets in specie

If the Company is wound up and the liquidator may, upon the payment or satisfaction of all liabilities of the Company including preferential payments under the Act, with the sanction of a special resolution of the Company, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidators may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

#### 13.2 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have one class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iii) 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, except for the Pink Form Allocation.
- (iv) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation.
- (v) Save as disclosed in Sections 4.1.1, 4.1.2, 6.1.3, 6.2.1, 6.2.2, 6.2.3, 6.2.4 and 6.2.5 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

## 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 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.

(The rest of this page has been intentionally left blank)

#### 13.5 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) Subscription agreement dated 5 November 2020 between Basil Power (as subscriber), Fabulous Sunview (as issuer) and our Promoters, namely Ong Hang Ping and Chow Kian Hung in relation to the Issuance of RCPS to Basil Power. Please refer to Section 4.1.1(a) of this Prospectus for further details;
- (ii) Share sale agreement dated 3 March 2021 between Sendang Energy Sdn Bhd (as vendor) and Fabulous Sunview (as purchaser) in relation to the Acquisition of Vafe System. This transaction was completed on 11 August 2021. Please refer to Section 4.1.1(b) of this Prospectus for further details;
- (iii) Share sale agreement dated 24 March 2021 between Khoo Kah Kheng and Ng Chee Yee (as vendors) and Fabulous Sunview (as purchaser) in relation to the Acquisition of Suntech Energy. This transaction was completed on 8 December 2021. Please refer to Section 4.1.1(c) of this Prospectus for further details;
- (iv) Subscription agreements dated 2 September 2021 and 15 September 2021 between the Pre-IPO Investors (as subscriber) and Fabulous Sunview (as issuer) in relation to the Pre-IPO Fund Raising. Please refer to Section 4.1.1(d) of this Prospectus for further details;
- (v) Subscription agreement dated 29 November 2021 between Basil Power (as subscriber), Fabulous Sunview (as issuer) and our Promoters, namely Ong Hang Ping and Chow Kian Hung in relation to the RCPS Redemption and issuance of ICPS. Please refer to Section 4.1.1(e) of this Prospectus for further details;
- (vi) Conditional share sale agreement dated 20 December 2021 between Fabulous Sunview Vendors (as vendors) and our Company (as purchaser) in relation to the Acquisition of Fabulous Sunview. This transaction was completed on 29 July 2022. Please refer to Section 4.1.2(a)(ii) of this Prospectus for further details;
- (vii) Supplemental letter dated 29 July 2022 between Fabulous Sunview Vendors and our Company in relation to the conditional share sale agreement dated 20 December 2021; and
- (viii) Underwriting Agreement.

### 13.6 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors for our Listing, Share Registrar, Issuing House and Company Secretaries 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 audited financial statements of Suntech Energy and Vafe System for the 15-month FPE 31 March 2021 respectively, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Combined 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.
- (iii) The written consent of the IMR 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.

(iv) The written consent of the valuer, Asia Equity Research Sdn Bhd for the inclusion in this Prospectus of its name and valuation certificates 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.

#### 13.7 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the Industry Overview referred to in Section 7 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position of our Group as at 31 March 2022 referred to in Section 11.5 of this Prospectus;
- (iv) the Accountants' Report as included in Section 12 of this Prospectus;
- (v) the material contracts referred to in Section 13.5 of this Prospectus;
- (vi) the letters of consent referred to in Section 13.6 of this Prospectus;
- (vii) the valuation certificates as included in Appendix F of this Prospectus; and
- (viii) the audited financial statements of:
  - (a) Sunview for the period from 25 May 2021 (date of incorporation) to 31 March 2022;
  - (b) Fabulous Sunview for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022;
  - (c) Suntech Energy for the financial year ended 31 December 2019, 15-month financial period ended 31 March 2021 and FYE 2022;
  - (d) Solarcity REIT for the period from 19 September 2019 (date of incorporation) to 31 March 2020, FYE 2021 and FYE 2022;
  - (e) Solare Truss for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022; and
  - (f) Vafe System for the financial year ended 31 December 2019, 15-month financial period ended 31 March 2021 and FYE 2022.

## 13.8 RESPONSIBILITY STATEMENTS

- (i) AIS 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 our IPO.
- (ii) This Prospectus has been seen and approved by our Directors and Promoters, 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, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

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 OUR ISSUING HOUSE 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., 23 SEPTEMBER 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 30 SEPTEMBER 2022

Applications for the IPO 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 IPO Shares by the Malaysian Public and our Eligible Persons

	Types of Application and category of investors		Application method		
	Appl	ications by Eligible Persons	Pink Application Form only		
	Appli	ications by the Malaysian Public:			
	(a)	Individuals	White Application Form or Electronic Share Application or Internet Share Application		
	(b)	Non-Individuals	White Application Form only		
14.2.2 Application by selected investors via placement					
	Types of Application		Application method		
		ications by: cted 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 IPO 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 IPO 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 our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (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 Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Persons 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, our Issuing House, AIS, 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 RM0.29 for each IPO Share.

Payment must be made out in favour of "MIH SHARE ISSUE ACCOUNT NUMBER 618" 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

Registration Number: 199301003608 (258345-X) 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan

or

P.O. Box 00010 Pejabat Pos Jalan Sultan 46700 Petaling Jaya Selangor Darul Ehsan

(ii) DELIVERED BY HAND AND DEPOSITED in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 30 September 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, 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 our Issuing House.

#### 14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO 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, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. 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 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 IPO 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, CGS-CIMB Securities Sdn Bhd, 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 OUR ISSUING HOUSE

Our Issuing House, 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 14.9 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 our Issuing House at any time 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 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, our Issuing House 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 our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website www.mih.com.my within 1 business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25.00% 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 Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.1.2(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Sole 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 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.
- (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 our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 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 ordinary / 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) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 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 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> 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 our Issuing House 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 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 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

## 14.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- 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.
- (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 Application Form		Parties to direct the enquiries  MIH Enquiry Services at telephone no. (03) 7890 4700	
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.

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Registration No. 202101019497 (1419797-M)

## APPENDIX A - PROPERTIES, PLANT AND EQUIPMENT

### A1 Properties owned by our Group

A summary of the material properties owned by our Group as at the LPD are as follows:

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrance(s)	Date of issuance of CF / CCC	Land / Built- up area (sq. ft.)	NBV as at 31 March 2022 RM'000
1.	Registered owner Potential Rajawali Sdn Bhd (1)  Beneficial owner Fabulous Sunview	Title details H.S.(D) 299343 Bandar Shah Alam PT 351 Seksyen 23 Daerah Petaling Negeri Selangor  Property address No. 7, Jalan 22/6 Seksyen 22, 40300 Shah Alam, Selangor	Description Three (3) storey link factory cum office building  Existing use Storage and office for operation and maintenance department	Category of land use Industry  Tenure of property Freehold	Restrictions in interest This land shall not be transferred, leased or charged except with the permission of the state authority.  Material encumbrances NIL	6 January 2017	3645.74/ 5,899	2,564

## APPENDIX A - PROPERTIES, PLANT AND EQUIPMENT (CONT'D)

## A2 Properties rented

A summary of the material properties rented by our Group as at the LPD are as follows:

No.	Landlord/ Lessor	Tenant/ Lessee	Property address	Description and Existing use	Land / Built-up area (sq. ft.)	Tenure	Date of issuance of CF / CCC	Rental per month RM'000
1.	Vistayu Sdn Bhd	Fabulous Sunview	01-9, 9th Floor, Menara Symphony, No. 5 Jalan Prof Khoo Kay Kim, Seksyen 13 46200 Petaling Jaya, Selangor	Description Office Building  Existing use Corporate and administrative office	77,855.36 / 7,792.00	1 September 2021 to 31 August 2024	29 January 2019	40.52
2.	F.Y. Food Processing Sdn Bhd	Vafe System	28, Jalan Chepor 11/1, Kawasan Perushaan Seramik Chepor 31200 Chemor, Ipoh, Perak	Description Industrial building  Existing use For installation, commissioning, operation and maintenance of the solar system on the rooftops *	297,729.76 / 83,477.57	1 December 2015 to 31 December 2037	24 April 2002	4.17
3.	Thye Huat Chan Sdn Bhd	Suntech Energy	No. 2887, Jalan Rozhan Alma 14000 Bukit Mertajam, Pulau Pinang	Description Industrial Building  Existing use For installation, commissioning, operation and maintenance of the solar system on the rooftops *	352,596.38 / 84,526.57	10 March 2017 to 9 March 2030	26 January 1995	10.00

Registration No. 202101019497 (1419797-M)

#### APPENDIX A - PROPERTIES, PLANT AND EQUIPMENT (CONT'D)

No.	Landlord/ Lessor	Tenant/ Lessee	Property address	Description and Existing use	Land / Built-up area (sq. ft.)	Tenure	Date of issuance of CF / CCC	Rental per month RM'000
4.	Steelcon Heat Transfer Equipment Sdn Bhd	Suntech Energy	Lot 732, PT 1659, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Nilai, Negeri Sembilan	Industrial building	206,548.68 / 97,753.72	1 February 2016 to 31 January 2032	23 August 2016	7.50

#### Notes:

- \* The solar system was constructed and operated on the rooftop of the building.
- (1) The Group is in the midst of transferring the property ownership from the developer, Potential Rajawali Sdn Bhd to Fabulous Sunview and charge the property as a security to Maybank Islamic Berhad.

#### A3 Regulatory requirements and environmental issue

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, and building regulations, and there are no environmental issues which may materially affect our Group's operation and usage of the property owned and rented by our Group as set out in Sections A1 and A2 respectively of this appendix.

Details of major approvals, licences and permits applicable to our Group as at the LPD are as follows:

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	Fabulous Sunview	Registration under Construction Industry Development Board – Grade G2 and G7* contractor	CIDB	0120140709- WP157785	24 September 2021 / 23 September 2024	(i) The contractor shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside the registered category.	Complied
						(ii) All employees at the construction site must have a valid CIDB Green Card.	Complied
						(iii) The contractor shall submit information in relation to any construction work or project within 14 days from the award of construction work or prior to work commencement or whichever comes first.	Complied
2.	Fabulous Sunview	Registration of company for supply / service	Ministry of Finance Malaysia	Certification No. K1034300605305 5473  Reference No.: 357-0002298640	1	(i) Online changes are to be made where there are any changes to the information submitted by the company in respect of the registration with Ministry of Finance within 21 days from the date of such changes to the information.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(ii) Newly registered company shall not change the shareholders or directors within 6 months from the date of registration.	Complied
3.	Fabulous Sunview	Registration of photovoltaic service provider to participate in FiT programme, NEM programme or any programme governed under Renewable Energy Act 2011	SEDA	SEDA- RPVSP- 2022/052	17 January 2022 / 31 December 2022	The registration must be renewed at least 60 days before the expiry date.	Noted
4.	Fabulous Sunview	Registration of photovoltaic service investor in NEM Programme	SEDA	SEDA-RPVI- 2022/060	17 January 2022 / 31 December 2022	<ul> <li>(i) The registration must be renewed at least 30 days before the expiry date.</li> <li>(ii) Local company applicant must have a minimum share capital of RM1,000,000.00.</li> </ul>	Noted Complied
5.	Fabulous Sunview	Registration of the Electric Contractor	Energy Commission	ST(TKL)SGR/C/ KE/02711/2017	18 June 2021 / 17 June 2026	None	N/A
6.	Fabulous Sunview	Licence for public installation within the boundaries of part of No. Lot 9181, Mukim Bandar Kulim, Daerah Kulim, 09000 Kedah	Energy Commission	LA 12/1/13/140 (Solar Leasing)	13 June 2022 / 12 June 2042	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding structure shall subject to the prior written approval of Minister.	Complied
						(iv) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under the terms and conditions of this license except with the prior written consent of the Minister.	Complied
						(v) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Minister.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
7.	Fabulous Sunview	Licence for public installation within the boundaries of part of No. Lot 9181, Mukim Bandar Kulim, Daerah Kulim, 09000 Kedah	Energy Commission	LA 12/1/13/141 (Solar Leasing)	13 June 2022 / 12 June 2042	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding structure shall subject to the prior written approval of Minister.	Complied
						(iv) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under the terms and conditions of this license except with the prior written consent of the Minister.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(v) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Minister.	Noted
8.	Fabulous Sunview	Registration of the Contractor Grade G2 and G7*	Tenaga Nasional Berhad	0120140709- WP157785	18 November 2021 / 23 September 2024	The validity period of this registration is subject to the validity of the Certificate of Registration with Ministry of Finance, CIDB and other relevant professions.	Noted
9.	Fabulous Sunview	Registration of Energy Service Company (ESCO)	Energy Commission	ESCO 240 (2020)/103/2021	26 October 2021 / 25 October 2022	(i) The renewal of the Certificate of Registration as an ESCO must be made not less than one (1) month before the date of expiry of the registration.	Noted
The state of the s						(ii) The Certificate of Registration as an ESCO cannot be transferred without prior approval from Energy Commission.	Noted
						(iii) Any change of name, address and other details of the business or company stated in the Certificate of Registration must be informed in writing to Energy Commission within 14 days of such change.	Noted
						(iv) In the event of any change or replacement of an appointed Registered Electrical Energy	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
Control of the Contro						Manager, the Registered ESCO shall ensure that a new Registered Electrical Energy Manager be appointed to effect such change or replacement and shall notify in writing to Energy Commission within 14 days of such change or replacement.	
						(v) All electrical works in relation to the Energy Services provided by the Registered ESCO must be performed by competent Persons in accordance with the Electricity Supply Act 1990 and the Electricity Regulations 1994.	Complied
10.	Solarcity REIT	Registration of photovoltaic service investor in NEM Programme	SEDA	SEDA-RPVI- 2022/077	17 January 2022 / 31 December 2022	(i) The registration must be renewed at least 30 days before the expiry date.	Noted
						(ii) Local company applicant must have a minimum share capital of RM1,000,000.00.	Complied
11.	Solarcity REIT	Licence for the participation in the NEM Scheme at part of Lot 7067 and 7068, Tempat Batu 9, Jalan Ayer Hitam, Mukim Kluang, Daerah Kluang, Negeri Johor	Energy Commission	LA/12/1/12/464 (PV-NEM)	14 July 2021 / 13 July 2041	The electrical installation shall be operated and maintained by qualified competent person.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
12.	Solarcity REIT	Licence for the participation in the NEM Scheme at part of Lot 2773, 2774 and 3031, Tempat Kluang, Mukim Kluang, Daerah Kluang, Negeri Johor	, 0,	LA/12/1/12/463 (PV-NEM)	14 July 2021 / 13 July 2041	The electrical installation shall be operated and maintained by qualified competent person.	Complied
13.	Solarcity REIT	Licence for the participation in the NEM Scheme at part of Lot 3023, Tempat Kluang, Mukim Kluang, Daerah Kluang, Negeri Johor	Energy Commission	LA/12/1/12/465 (PV-NEM)	14 July 2021 / 13 July 2041	The electrical installation shall be operated and maintained by qualified competent person.	Complied
14.	Solarcity REIT	Licence for public installation within the boundaries of part of Lot 1064, Bandar Kluang, Negeri Johor	Energy Commission	LA 12/1/12/764 (NEM PPA – Leasing)	24 November 2021 / 23 November 2041	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding structure shall subject to the prior written approval of Energy Commission.	Noted
THE CONTRACT OF THE CONTRACT O						(iv) Notwithstanding the above and subject to the prior written approval of the Commission, and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Malaysia.	Noted
The second continuous and the second continu						(v) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	Complied
						(vi) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(vii) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy Commission.	Noted
15.	Solarcity REIT	Licence for public installation within the boundaries of part of Lot 1064, Bandar Kluang, Negeri Johor	Energy Commission	LA 12/1/12/765 (NEM PPA- Leasing)	24 November 2021 / 23 November 2041	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						structure shall subject to the prior written approval of Energy Commission.	
						(iv) Notwithstanding the above and subject to the prior written approval of the Commission, and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Malaysia.	Noted
						(v) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	Complied
						(vi) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied
						(vii) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						Commission.	
16.	Solarcity REIT	Licence for public installation within the boundaries of part of No. Lot 107153, Mukim Bandar Ipoh (U), Daerah Kinta 30450 Negeri Perak	Energy Commission	LA 12/1/13/101 (NEM PPA- Leasing)	24 November 2021 / 23 November 2041	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding structure shall subject to the prior written approval of Energy Commission.	Noted
						(iv) Notwithstanding the above and subject to the prior written approval of the Commission, and	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Malaysia.	
						(v) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	Complied
						(vi) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied
						(vii) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy Commission.	

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
17.		Licence for public installation within the boundaries of part of No. Lot 107153, Mukim Bandar Ipoh (U), Daerah Kinta 30450 Negeri Perak	Energy Commission	LA 12/1/13/102 (NEM PPA- Leasing)		(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iv) Notwithstanding the above and subject to the prior written approval of the Commission, and all relevant authorities, the licensee may apply for its shares	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						to be listed and quoted on Bursa Malaysia.	
						(v) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	Complied
						(vi) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied
						(vii) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy Commission.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
18.	installation boundaries Lot 614 Tanggal, I Terenggani	installation within the boundaries of part of No.	Energy Commission	LA 12/1/13/78 (Solar Leasing)	20 October 2021 / 19 October 2041	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding structure shall subject to the prior written approval of Energy Commission.	Noted
						(iv) Notwithstanding the above and subject to the prior written approval of the Commission, and all relevant authorities, the licensee may apply for its shares	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						to be listed and quoted on Bursa Malaysia.	
						(v) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	Complied
						(vi) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied
						(vii) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy Commission.	Noted
19.	Solarcity REIT	Licence for public installation within the boundaries of part of No. Lot 6147, Mukim Tanggal, Daerah Hulu Terengganu, 21800 Terengganu	Energy Commission	LA 12/1/13/79 (Solar Leasing)	20 October 2021 / 19 October 2041	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall undertake that the present shareholders and shareholding structure shall remain the same throughout the license period. Any changes to the shareholders and the shareholding structure shall subject to the prior written approval of Energy Commission.	Noted
						(iv) Notwithstanding the above and subject to the prior written approval of the Commission, and all relevant authorities, the licensee may apply for its shares to be listed and quoted on Bursa Malaysia.	Noted
						(v) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	
						(vi) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied
The state of the s						(vii) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy Commission.	Noted
20.	Solarcity REIT	Licence for public installation within the boundaries of part of No. Lot 9784, Mukim Bukit Baru, Daerah Melaka Tengah, Negeri Melaka	Energy Commission	LA 12/1/14/293 NOVA (PPA- Leasing)	13 June 2022 / 12 June 2032	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(ii) The shareholders and the shareholding structure of the licensee shall be in accordance with the declaration made by the Licensee upon submission of licence application.	Complied
						(iii) The licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof under this license including its conditions except with the prior written consent of the Energy Commission.	Complied
						(iv) The licence shall not be transferred, charged, pledged or otherwise encumbered without the prior written consent of the Energy Commission.	Complied
						(v) The creation of any charge, mortgage, pledge, lien or other security over the land used for solar photovoltaic system and any associated facilities are prohibited unless with the prior written consent of the Energy Commission.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
21.	Solare Truss	Registration of photovoltaic service provider to participate in FiT programme, NEM programme or any programme governed under Renewable Energy Act 2011	SEDA	SEDA-RPVSP- 2022/086	17 January 2022 / 31 December 2022	The registration must be renewed at least 30 days before the expiry date.	Noted
22.	Suntech Energy	Tax exemption under P.U. (A) 112 Income Tax (Exemption) (No. 11) Order 2006 under Income Tax Act 1967	MIDA	MIDA Reference No.: 020/003278/000 1/PS	1 March 2015 / 28 February 2025	(i) Licensee must operate from Lot 732, Jalan Zamrud 1 Nilai 2 Industrial Estate 71800 Seremban, Negeri Sembilan Darul Khusus.	Complied
					(ii) At least 60% of the Licensee's shares must be purchased and held by Malaysian citizens during the tax exemption period.	Complied	
						(iii) Licensee is required to increase their paid-up capital based on a debt-to-equity ratio not exceeding 5:1.	Complied
						(iv) To generate and supply electricity under the FiT program, and deal directly with SEDA, Tenaga Nasional Berhad and the Energy Commission.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
23.	Suntech Energy	Feed-In Approval for the renewable energy installation at No. 2887, Jalan Rozhan, Jalan Alma 14000 Bukit Mertajam, Pulau Pinang	SEDA	Certificate No.: A00010100 Application No.: S2016040016	1 June 2016 / 19 December 2037	To notify SEDA in writing of any change in the particulars of information submitted to SEDA.	Complied
24.	Suntech Energy	License for generation and supply of electricity at Lot 892, Mukim 15, Daerah Seberang Perai Tengah, 14000 Pulau Pinang	Energy Commission	LRE 12/1/6/353 (PV)	2 November 2016 / 19 December 2037	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) Shareholders and shareholding structure of the Licensee remain the same within 2 years from the date of successful commissioning of the generating facility, any changes are subject to approval of the Minister.	
						(iii) To give Energy Commission of not less than 2 months prior written notice of its intention to acquire or relinquish control over any asset with value in excess of RM10,000,000, relevant to the generating facility together with	

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
111111111111111111111111111111111111111						such further information as Energy Commission may request relating to the acquisition, disposal or relinquishment of control.	
						(iv) Licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof except with prior written approval of the Minister.	Complied
						(v) The licence shall not be transferred, charged, pledged or otherwise encumbered without prior written approval of the Minister.	Complied
						(vi) The creation of any charges, mortgages, pledges, or other securities over the land used for the generating facility is prohibited without express written consent of the Minister.	
25.	Suntech Energy	Feed-In Approval for the renewable energy installation at Lot 732, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800, Seremban Negeri Sembilan	SEDA	Certificate No.: A00004620 Application No.: S2014070003	7 July 2014 / 28 December 2035	Changes to the corporate information of the Company has to be updated to SEDA in writing.	Complied

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
26.	Suntech Energy	License for generation and supply of electricity at Lot 732, Pekan Nilai, 71800, Seremban Negeri Sembilan		LRE 12/1/6/177 (PV)	8 January 2015 / 28 December 2035	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) Shareholders and shareholding structure of the Licensee remain the same within 2 years from the date of successful commissioning of the generating facility, any changes are subject to approval of the Minister.	Noted
						(iii) To give Energy Commission of not less than 2 months prior written notice of its intention to acquire or relinquish control over any asset with value in excess of RM10,000,000, relevant to the generating facility together with such further information as Energy Commission may request relating to the acquisition, disposal or relinquishment of control.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(iv) Licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof except with prior written approval of the Minister.	Complied
						(v) The licence shall not be transferred, charged, pledged or otherwise encumbered without prior written approval of the Minister.	Complied
						(vi) The creation of any charges, mortgages, pledges, or other securities over the land used for the generating facility is prohibited without express written consent of the Minister.	Noted
27.	Vafe System	Pioneer Status Incentive, tax exemption under Promotion of Investment Act 1986,	MIDA	MIDA Reference No.: 020/40100/0437 72/000002ACI	11 December 2017 / 10 December 2022	(i) To generate electricity with solar at Lot 305014, Mukim Hulu Kinta, 31200 Kinta, Perak Darul Ridzuan	Complied
	P.U.(A) (Generation			(ii) The manpower of the company must be comprised of 80% Malaysians at all times.	Complied		
						(iii) The renewal of a further 5 years of pioneer status must be done by 10 November 2022.	

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
28.	Vafe System	License for generation and supply of electricity at Lot 305014, Mukim Hulu Kinta, Daerah Kinta, Perak		LRE 12/1/6/393 (PV)	27 December 2016 / 28 December 2037	(i) Licensee shall submit to Energy Commission at monthly interval, information on the maximum daily load, energy sold per month, overall plant efficiency and performance, quantity of renewable energy sources used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.	Complied
						(ii) Shareholders and shareholding structure of the Licensee remain the same within 2 years from the date of successful commissioning of the generating facility, any changes are subject to approval of the Minister.	Noted
						(iii) To give Energy Commission of not less than 2 months prior written notice of its intention to acquire or relinquish control over any asset with value in excess of RM10,000,000, relevant to the generating facility together with such further information as Energy Commission may request relating to the acquisition, disposal or relinquishment of control.	Noted

No.	Company	Description of licence / approval	Authority	Licence No. / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
The second secon						(iv) Licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges or part thereof except with prior written approval of the Minister.	Complied
						(v) The licence shall not be transferred, charged, pledged or otherwise encumbered without prior written approval of the Minister.	Complied
						(vi) The creation of any charges, mortgages, pledges, or other securities over the land used for the generating facility is prohibited without express written consent of the Minister.	Noted
29.	Vafe System	Feed-In Approval for the renewable energy installation at Lot 305014, Mukim Hulu Kinta 31200 Kinta, Perak	SEDA	Certificate No.: A00010031 Application No.: S2016040036	10 May 2016 / 28 December 2037	Changes to the corporate information of the Company has to be updated to SEDA in writing.	Complied

#### Note:

\* This certificate enables a company to tender for contracts with no limits on the value of construction works.

#### APPENDIX C - MATERIAL REGULATORY REQUIREMENTS

The nature of our Group's business is regulated by, and where applicable is required to be licensed under specific laws of Malaysia. The following is an overview of the material regulatory requirements which govern the conduct of our business operation. Nevertheless, the following laws and regulations shall not be taken as an exhaustive list in which our Group's business is subject to.

#### 1. RE Act 2011

The RE Act 2011 provides for the establishment and implementation of a special tariff system to catalyse the generation of RE.

Under the RE Act 2011, a person shall be eligible to apply for a feed-in approval to participate in the feed-in tariff system if such person proposes to generate RE from a RE installation having an installed capacity of not more than 30 MW or such higher installed capacity as may be approved and such person meets such other criteria as may be prescribed by SEDA from time to time. If a company commits an offence under RE Act 2011 or its subsidiary legislations, the person who at the time of the offence was a director, chief executive officer, chief operating officer, manager, secretary or other similar officer of the company or one purporting to act in any such capacity or was responsible for the management of any of the affairs of the company, may be charged severally or jointly in the same proceedings as the company, and if the company is found guilty, the said person shall be deemed guilty of that offence unless he proves that the offence was committed without his knowledge, consent or connivance and that all reasonable precautions and due diligence were exercised to prevent the offence.

Pursuant to Schedule 5 of the RE (Technical and Operational Requirements) Rules 2011 ("**RETO 2011**"), the various categories of work under the FiT programme should only be carried out by person who possesses the requisite qualifications, such as, having a Certificate of Competency issued by Energy Commission under the Electricity Supply Act 1990, being registered with the Board of Engineers Malaysia as a professional electrical engineer and/or having a certificate in solar PV system design from any institution that is recognised by SEDA. Any person who commits an offence under the RETO 2011 shall on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 3 years, or both.

The Energy Commission had also issued the Guidelines on Solar Photovoltaic Installation on NEM Scheme under the Electricity Supply Act 1990 for the implementation of the solar PV installation on the NEM programme. The NEM Guidelines set out, amongst others, the design criteria and requirement, types of installation, capacity limit and application process of solar PV installations under NEM programmes.

As at the LPD, Fabulous Sunview is certified by SEDA as a PV service provider to participate in any programme under the RE Act 2011 and solar PV service investor under NEM programme; Solarcity REIT is a certified solar PV service investor under NEM programme; and Solare Truss is certified as a PV service provider to participate in any programme under the RE Act 2011.

#### 2. Electricity Supply Act 1990 ("ES Act 1990")

The ES Act 1990 regulates the electricity supply industry, the supply of electricity at reasonable prices, the licensing of any electrical installation, the control of any electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity and for purposes connected therewith.

Registration No. 202101019497 (1419797-M)

#### APPENDIX C - MATERIAL REGULATORY REQUIREMENTS (CONT'D)

Under the ES Act 1990, subject to exemptions prescribed, no person other than a supply authority shall use, work or operate or permit to be used, worked or operated any installation or supply to any other person energy from any installation, except under and in accordance with the terms of a licence granted by the Energy Commission and expressly authorising the supply or use. Any person who supplies electricity from an installation to or for the use of any person without a licence shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding Ringgit Malaysia One Hundred Thousand (RM100,000.00) and to a further fine not exceeding Ringgit Malaysia One Thousand (RM1,000.00) for every day or part of a day during which the offence continues after conviction.

The Electricity Regulations 1994 provides that any Electrical Services Engineer, Competent Electrical Engineer, Wireman, Chargeman, Electrical Supervisor or Cable Jointer shall possess a valid Certificate of Competency to such category issued by the Energy Commission.

As at LPD, Fabulous Sunview is certified as a registered electric contractor under the Electricity Regulations 1994.

#### 3. Construction Industry Development Board Malaysia Act 1994 ("CIDBA 1994")

The CIDBA 1994 regulates the establishment of Malaysian Construction Industry Development Board ("CIDB") and provides for its function in relation to the construction industry and for matters connected therewith throughout Malaysia.

Under the CIDBA 1994, "contractor" is defined as a person who carries out or completed or undertakes to carry out or complete any construction works. Whereas "construction works" for the purpose of CIDB shall mean the construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of, inter alia, any electrical or mechanical works; and includes the procurement of construction materials, equipment or workers, necessarily required for any such work.

The CIDBA 1994 provides that no person shall carry out or complete, undertake to carry out or complete any construction works or hold himself out as a contractor, unless the person is registered with CIDB and holds a valid certificate of registration issued by CIDB under CIDBA 1994. Any person who contravenes this shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

Every contractor is also required to declare and submit to the CIDB any contract which he has been awarded or any construction works. Pursuant to the Construction Industry Development Board (Imposition of Levy Order) 2020 and Section 34(2) of the CIDBA 1994, for every contract, whether stamped or not, having a contract sum of above Ringgit Malaysia Five Hundred Thousand (RM500,000.00), the contractor shall be liable to pay to CIDB a levy at the rate of 0.125 per centum of the contract sum. Where a contractor fails to pay any levy due, the contractor shall, on conviction, be liable to a fine not exceeding RM50,000 or 4 times the amount of the levy payable, whichever is higher.

As at the LPD, Fabulous Sunview holds Grade G2 and G7 certificates of registration issued under the CIBDA 1994 and Suntech Energy holds a valid Grade G7 certificates of registration issued under the CIBDA 1994.

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# APPENDIX D - AUDITED FINANCIAL STATEMENTS OF SUNTECH ENERGY FOR THE 15-MONTH FPE 31 MARCH 2021

SUNTECH ENERGY SDN. BHD. 201301028089 (1057919-A) (Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

## Registration No. 201301028089 (1057919-A)

# SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

# REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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#### Registration No. 201301028089 (1057919-A)

#### SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

#### **DIRECTORS' REPORT**

The directors hereby submit their report together with the audited financial statements of the Company for the financial period ended 31 March 2021.

#### PRINCIPAL ACTIVITIES

The Group and the Company is principally engaged as solar power plant consultant, developer and Engineering, Procurement, Construction and Commissioning ("EPCC") contractor.

There has been no significant change in the nature of these principal activities during the financial period.

#### **RESULTS**

	Group RM	Company RM
Profit for the financial period, net of tax	161,296	223,321
Attributable to: Owners of the Company Non-controlling interests	195,715 (34,419)	223,321 -
	161,296	223,321

#### **DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial period ended 31 March 2021.

#### **RESERVES OR PROVISIONS**

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

#### Registration No. 201301028089 (1057919-A)

SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

#### **DIRECTORS' REPORT (CONTINUED)**

#### **BAD AND DOUBTFUL DEBTS**

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

#### **CURRENT ASSETS**

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

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

#### **VALUATION METHODS**

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

#### **CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Group and the Company which have arisen since the end of the financial period which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group and the Company which have arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Group and the Company have become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

#### Registration No. 201301028089 (1057919-A)

SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

#### **DIRECTORS' REPORT (CONTINUED)**

#### **CHANGE OF CIRCUMSTANCES**

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

#### ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Group and the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

#### **ISSUE OF SHARES AND DEBENTURES**

During the financial period, no new issue of shares or debentures were made by the Company.

#### **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial period.

#### **DIRECTORS**

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

Ng Chee Yee Khoo Kah Kheng

### Registration No. 201301028089 (1057919-A)

#### SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares in the Company during the financial period were as follows:

## Interest in the Company

	}Number of ordinary shares				
	At			At	
	1 January			31 March	
	2020	Bought	Sold	2021	
Direct interests:					
Ng Chee Yee	2,000,000	-	(2,000,000)	-	
Khoo Kah Kheng	2,000,000	-	(2,000,000)	~	

### **DIRECTORS' BENEFITS**

Since the end of the previous financial period, no director of the Group and of the Company have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments—received or due and receivable, by the directors as disclosed in the financial statements) by reason of a contract made by the Group and the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## **INDEMNITY TO DIRECTORS AND OFFICERS**

During the financial period, there was no indemnity coverage and insurance premium paid for the director and officers of the Group and of the Company.

#### IMMEDIATE HOLDING COMPANY

The directors regard Fabulous Sunview Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company.

### Registration No. 201301028089 (1057919-A)

SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

## **DIRECTORS' REPORT (CONTINUED)**

## SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Details of significant events during the financial period are disclosed in Note 22 to the financial statements.

### **AUDITORS**

The auditors, Messrs Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 17 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

## Registration No. 201301028089 (1057919-A)

SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

## **DIRECTORS' REPORT (CONTINUED)**

This report was approved and signed in accordance with a resolution of the directors:

NG CHEE YEE

Director

KHOO KAH KHENG

Director

Date: 2 September 2021

## Registration No. 201301028089 (1057919-A)

## SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

## STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

		Gro	up qu	4	_ Company _	
	Note	31.03.2021 RM	31.12.2019 Restated RM	31.03.2021 RM	31.12.2019 Restated RM	1.1.2019 Restated RM
	MOTE	run.	NIM	RH	FUN	LYM
ASSETS						
Non-current assets						
Property, plant and equipment	5	17,060,939	18,064,933	17,060,939	18,064,933	19,059,949
Investment in subsidiary Investment in associate	6 7	459,687	-	490,000	<b>5</b> 1	-
	,				40.004.004	40.000.00
Total non-current assets		17,520,626	18,064,933	17,550,939	18,064,984	19,059,949
Current assets						
Current tax assets			2,976	-	2,976	2,976
Trade and other receivables	8	1,861,960	455,920	1,861,960	459,074	112,576
Contract assets	9	238, 134	208,822	238,134	208,822	179,122
Cash and short-term deposits	10	1,758,814	841,003	1,758,814	840,903	876,624
Total current assets		3,858,908	1,508,721	3,858,908	1,511,775	1,171,298
TOTAL ASSETS		21,379,534	19,573,654	21,409,847	19,576,759	20,231,247
EQUITY AND LIABILITIES						
Equity attributable to						
owners of the Company						
Share capital	11	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Accumulated losses		(1,198,194)	(1,393,909)	(1,167,881)	(1,391,202)	(1,481,427)
Non-controlling interest			(2,551)			
TOTAL EQUITY		2,801,806	2,603,540	2,832,119	2,608,798	2,518,573
Non-current liabilities						
Loans and borrowings	12	13,627,288	13,328,770	13,627,288	13,328,770	14,596,629
Total non-current liabilities		13,627,288	13,328,770	13,627,288	13,328,770	14,596,629
Current liabilities			***			
Loans and borrowings	12	1,040,949	626,953	1,040,949	626,953	556,972
Current tax liabilities Trade and other payables	13	12,87 <b>2</b> 3,896,619	3,014,391	12,872 3,896,619	3,012,2 <b>38</b>	2,559,073
Total current liabilities		4,950,440	3,641,344			
				4,950,440	3,639,191	3,116,045
TOTAL LIABILITIES		18,577,728	16,970,114	18,577,728	16,967,961	17,712,674
TOTAL EQUITY AND LIABILITIE	ES .	21,379,534	19,573,654	21,409,847	19,576,759	20,231,247

The accompanying notes form an integral part of these financial statements.

## Registration No. 201301028089 (1057919-A)

## SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 31 MARCH 2021

	<b>←</b> Group		Company		
		1.1.2020	1.1.2019	1.1.2020	1.1.2019
		to	to	to	to
		31.3.2021	31.12.2019	31.3.2021	31.12.2019
			Restated		Restated
	Note	RM	RM	RM	RM
Revenue	14	7,550,574	2,646,114	7,550,574	2,646,114
Cost of sales		(5,655,354)	(1,092,340)	(5,655,354)	(1,092,340)
Gross profit		1,895,220	1,553,774	1,895,220	1,553,774
Other income	15	109,365	5,362	70,835	5,362
Distribution expenses		(25,091)	(30,302)	(25,091)	(30,302)
Administrative expenses		(811,981)	(416,299)	(741,739)	(410,992)
Other expenses		(80,953)	(47,002)	(80, 953)	(47,002)
Operating profit	'	1,086,560	1,065,533	1,118,272	1,070,840
Finance costs	16	(882,079)	(980,615)	(882,079)	(980,615)
Share of result of associates, net of tax		(30,313)	•	-	-
Profit before tax	17	174,168	84,918	236,193	90,225
income tax expense	19	(12,872)	*	(12,872)	-
Profit for the financial period/year, representing total comprehensive	•				
income for the financial period/year		161,296	84,918	223,321	90,225
Profit/Total comprehensive income attributable to:					
Owners of the Company		195,715	87,518	223,321	90,225
Non-controling interests		(34,419)	(2,600)		*
		161,296	84,918	223,321	90,225
	-				

## Registration No. 201301028089 (1057919-A)

**SUNTECH ENERGY SDN.** BHD. (Incorporated in Malaysia)

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

Group			ributable to ownor of the Company Accumulated losses RM	Sub-total	Non-Controlling interest RM	Total equity RM
At 1 January 2019						
<ul><li>As previously reported</li><li>Effects of MFRS 16</li><li>Prior year adjustments</li></ul>	23	4,000,000 - -	(1,208,443) (43,601) (229,383)	2,791,557 (43,601) (229,383)		2,791,557 (43,601) (229,383)
Restated balance at 1 January 2019		4,000,000	(1,481,427)	2,518,573	-	2,518,573
Total comprehensive income for the financial year						
- As previously reported		-	788,525	788,525	(49)	788,476
- Prior year adjustment	23		(701,007)	(701,007)	(2,551)	(703,558)
		-	87,518	87,518	(2,600)	84,918
Transaction with owners - Prior year adjustment		_		-	49	49
Restated balance at 31 December 2019		4,000,000	(1,393,909)	2,606,091	(2,551)	2,603,540
Profit for the financial period  Transaction with owners		-	195,715	195,715	(34,419)	161,296
- Non-controlling interest arising from disposal of subsidiary		-	-	-	36,970	36,970
At 31 March 2021		4,000,000	(1,198,194)	2,801,806	-	2,801,806

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## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

			o owners of the pany	
Company	Note	Share capital RM	Accumulated losses RM	Total equity RM
At 1 January 2019				
<ul><li>As previously reported</li><li>Effects of MFRS 16</li><li>Prior year adjustments</li></ul>	23	4,000,000	(1,208,443) (43,601) (229,383)	2,791,557 (43,601) (229,383)
Restated balance at 1 January 2019  Total comprehensive income for the financial year		4,000,000	(1,481,427)	2,518,573
- As previously reported - Prior year adjustment	23		793,832 (703,607)	793,832 (703,607)
As restated		-	90,225	90,225
Restated balance at 31 December 2019 Total comprehensive income for the financial period		4,000,000	(1,391,202)	2,608,798
Profit for the financial period		-	223,321	223,321
At 31 March 2021		4,000,000	(1,167,881)	2,832,119

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## SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

		<b>←</b> Grou	ıр ——	← Comp	any ——
		1.1.2020	1.1.2019	1.1.2020	1.1.2019
		to	to	to	to
		31.3.2021	31.12.2019 Restated	31,3,2021	31.12.2019 Restated
N	lote	RM	RM	RM	RM
Cash flows from operating activities					
Profit before tax		174,168	84,918	236,193	90,225
Adjustments for,					
Depreciation of property, plant					
and equipment		1,291,472	1,005,115	1,291,472	1,005,115
Gain on disposal of property, plant					
and equipment		(17,400)	-	(17,400)	-
Loss on disposal of property, plant					
and equipment		4,729	-	4,729	-
Gain on disposal of subsidiary		(38,530)	-	49	
Impairment loss on other receivables Finance costs		- 882,0 <b>79</b>	3,240	663 070	3,240 980,615
Finance costs Finance income		002,079 15,059	980,615	<b>882,079</b> 15,059	960,010
Share of results of associates, net of tax		30,313	_	13,033	_
	-	30,010			
Operating profit before changes in working capital		2,341,890	2,073,888	2,412,181	2,079,195
<del>-</del> '		2,341,090	2,073,000	2,412,101	2,07 9, 133
Changes in working capital:					
Trade and other receivables		(844,441)	(346,584)	(844,441)	(346,584)
Contract assets		(29,312)	(29,700)	(29,312)	(29,700)
Trade and other payables	_	1,291,114	210,535	1,216,718	208,382
Net cash generated from operations		2,759,251	1,908,139	2,755,146	1,911,293
income tax refunded		2,976	-	2,976	-
Interest received	_	(15,059)	-	(15,059)	•
Net cash from operating activities	_	2,747,168	1,908,139	2,743,063	1,911,293
Cash flows from investing activities					
Purchase of property, plant and					
	(a)	(450)	(10,099)	(450)	(10,099)
Proceeds from disposal of property,					
plant and equipment		55,829	•	55,829	- (E4)
Acquisition of a subsidiary, net of cash	1	/480 0541	•	400 000	(51)
Acquisition of a associate, net of cash acquired Proceeds from disposal of subsidiary,	ı	(489,951)	•	(490,000)	•
net of cash disposed		(1,098)	•	2	
Change in pledge deposit		(32,495)	(48,521)	(32,495)	(48,521)
Net cash from/(used in) investing activities	-	(468,165)	(58,620)	(467,114)	(58,671)
• • •	-		<del></del> .	<del></del>	

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## SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

		<b>←</b> Grou	ıp	<b>←</b> Comp	any
		1.1.2020	1.1.2019	1.1.2020	1.1.2019
		to	ta	to	to
		31.3.2021	31.12.2019	31.3.2021	31.12.2019
			Restated		Restated
	Note	RM	RM	RM	RM
Cash flows from financing					
activities	(b)				
Capital contribution from minority interests		-	49	-	-
Repayment of term loans		575,1 <b>97</b>	(1,129,343)	575,197	(1,129,343)
Repayment of lease liability		(192,869)	(68,535)	(192,869)	(68,535)
Net changes in amount owing to					
holding company		415,151	-	415,151	-
Net changes in amount owing to related pa	rties	(1,309,087)	244,783	(1,305,933)	241,629
Interest paid		(882,079)	(980,615)	(882,079)	(980,615)
Net cash used in financing activities		(1,393,687)	(1,933,661)	(1,390,533)	(1,936,864)
Net increase in cash and cash equivalents		885,316	(84,142)	885,416	(84,242)
Cash and cash equivalents at the beginning of the financial period/yea	ır	<b>50</b> 1,158	585,300	501,058	585,300
	••		110,000	301,000	
Cash and cash equivalents at the end of the financial period/year	10	1,386,474	501,158	1,386,474	501,058
		- ,	-		

## (a) Purchase of property, plant and equipment:

		<b>←</b> Gro	up	← Comp	pany ——
		1.1.2020 to	1.1.2019 to	1.1.2020 to	1.1.2019 to
		31.3.2021	31.12.2019 Restated	31.3.2021	31.12.2019 Restated
	Note	RM	RM	RM	RM
Purchase of property plant					
and equipment Financed by way of lease	5	330,636	10,099	330,636	10,099
liability arrangements		(330,186)	•	(330,186)	
Cash payments on purchase of property, plant and equipment		450	10,099	450	10,099

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## SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

## (b) Reconciliation of liabilities arising from financing activities

	1.1.2020 RM	Cash Flow RM	Effect of MFRS 16 RM	31.3.2021 RM
Group Term loans Lease liabilities Net changes in amount owing	11,248,606 2,707,117	575,197 (192,869)	- 330,186	11,823,803 2,844,434
to holding company Net changes in amount owing to related parties	- 1,759,268	415,151 (1,309,087)		415,151 450,181
(o related parties	15,714,991	(511,608)	330,186	15,533,569
	10,7 (4,88)	(311,000)	330, 160	10,000,000
Company Term loans Lease liabilities	11,248,606 2,707,117	575, 197 (192, 869)	- <b>330</b> ,186	11,823,803 2,844,434
Net changes in amount owing to holding company Net changes in amount owing	-	415,15 <b>1</b>	-	415, <b>151</b>
to related parties	1,756,114	(1,305,933)	**	450,181
	<b>15,71</b> 1,837	(508,454)	330,186	15,533,569
	1.1.2019 Restated RM	Cash Flow Restated RM	Effect of MFRS 16 RM	31.12.2019 Restated RM
Group	Restated	Restated	MFRS 16	Restated
Term loans Lease liabilities	Restated	Restated	MFRS 16	Restated
Term loans	Restated RM 12,377,949	Restated RM (1,129,343)	MFRS 16	Restated RM 11,248,606
Term loans Lease liabilities Net changes in amount owing	Restated RM 12,377,949 2,775,652	Restated RM (1,129,343) (68,535)	MFRS 16	Restated RM 11,248,606 2,707,117
Term loans Lease liabilities Net changes in amount owing to related parties	Restated RM 12,377,949 2,775,652 1,514,485	(1,129,343) (68,535) 244,783	MFRS 16 RM - -	Restated RM  11,248,606 2,707,117 1,759,268
Term loans Lease liabilities Net changes in amount owing	Restated RM 12,377,949 2,775,652 1,514,485	(1,129,343) (68,535) 244,783	MFRS 16 RM - -	Restated RM  11,248,606 2,707,117 1,759,268
Term loans Lease liabilities Net changes in amount owing to related parties  Company Term loans Lease liabilities	Restated RM  12,377,949 2,775,652  1,514,485  16,668,086	Restated RM (1,129,343) (68,535) 244,783 (953,095)	MFRS 16 RM - -	Restated RM  11,248,606 2,707,117 1,759,268 15,714,991
Term loans Lease liabilities Net changes in amount owing to related parties  Company Term loans	12,377,949 2,775,652 1,514,485 16,668,086	Restated RM (1,129,343) (68,535) 244,783 (953,095)	MFRS 16 RM - -	Restated RM  11,248,606 2,707,117  1,759,268  15,714,991
Term loans Lease liabilities Net changes in amount owing to related parties  Company Term loans Lease liabilities Net changes in amount owing	Restated RM  12,377,949 2,775,652  1,514,485  16,668,086  12,377,949 2,775,652	(1,129,343) (68,535) 244,783 (953,095) (1,129,343) (68,535)	MFRS 16 RM - -	Restated RM  11,248,606 2,707,117  1,759,268  15,714,991  11,248,606 2,707,117

The accompanying notes form an integral part of these financial statements.

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

#### NOTES TO THE FINANCIAL STATEMENTS

#### 1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor. The principal place of business of the Company is located at 01-9,9th Floor, Menara Symphony, No.5, Jin Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

The principal activity of the Company is engaged solar power plant consultant, developer and EPCC contractor.

There has been no significant change in the nature of this activity during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 September 2021.

#### 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### 2.2 Explanation of transition to MFRSs and change in accounting policy

The financial statements of the Company for the financial period ended 31 March 2021 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. For periods up to and including the financial year ended 31 December 2019, the Company prepared its financial statements in accordance with the Malaysia Private Entities Reporting Standards ("MPERSs") in Malaysia.

In preparing these financial statements, the Company's opening MFRSs statements of financial position were prepared as at 1 January 2019 (the date of transition to MFRSs).

The Company has consistently applied the same accounting policies in the preparation of the financial statements of the Company for the financial period ended 31 March 2021, the comparative financial statements for the financial year ended 31 December 2019, and the opening MFRSs statements of financial position as at 1 January 2019, other than those as discussed below. The transition to the MFRSs framework does not have any significant effect on the financial statements of the Company except for those discussed below.

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## SUNTECH ENERGY SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Explanation of transition to MFRSs and change in accounting policy (continued)

### (a) Transition to MFRSs

### MFRS 16 Leases ("MFRS 16")

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 Determining whether an Arrangement contains a Lease.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees, instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the full retrospective approach, as if the leases had already been effective at the commencement date of existing lease contracts.

### Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have compiled with in the current financial period, the application of this standard does not have any significant effect on the financial statements of the Group and the Company except for those as discussed below.

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## SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### 2. BASIS OF PREPARATION (CONTINUED)

## 2.2 Explanation of transition to MFRSs and change in accounting policy (continued)

### (a) Transition to MFRSs (continued)

MFRS 16 (continued)

### (i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial period.

## (ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (iii) Other adjustments

In addition to the adjustments described above, other items such as deferred taxes were adjusted to retained earnings as necessary.

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## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

## 2. BASIS OF PREPARATION (CONTINUED)

## 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/ improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments	/Improvements to MFRSs	
MFR\$ 1	First-time Adoption of MFRSs	1 January 2022 <sup>4</sup> /
	·	1 January 2023#
MFR\$ 3	Business Combinations	1 January 2022/
		1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/
		1 January 2023
MFRS 5	Non-current Assets Held for Sale and	_
	Discontinued Operation	1 January 2023*
MFR\$ 7	Financial Instruments: Disclosures	1 January 2021/
		1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/
		1 January 2022^/
		1 January 2023*
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/
14550 45		1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/
MEGO 407	Otata and to all One In Plants	1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting policies, Changes in Accounting	1 January 2023
MEDO 440	Estimates and Errors	4 January 2020/
MFRS 116	Property, Plant and Equipment	1 January 2022/
MFRS 119	Employee Renefite	1 January 2023* 1 January 2023*
MFRS 128	Employee Benefits Investments in Associates and Joint Ventures	Deferred/
MLU9 170	investments in Associates and John Acutales	1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023*
MFRS 136	Impairment of Assets	1 January 2023*
M1 170 100	Impairment of Addess	i valually EVEO

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### SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRS, and amendments/ improvements to MFRSs that have been issued, but yet to be effective: (continued)

		beginning on or after
Amendments	/Improvements to MFRSs (continued)	
MFRS 137	Provisions, Contingent Liabilities and	
	contingent Assets	1 January 2022/
	•	1 January 2023*
MFRS 138	Intangible Assets	1 January 2023*
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

<sup>^</sup> The Annual Improvements to MFRSs 2018-2020

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

#### Annual Improvements to MFRSs 2018-2020

Annual Improvements to MFRSs 2018-2020 covers amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards simplifies
  the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its
  parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments clarifies the fees a company includes when assessing
  whether the terms of a new or modified financial liability are substantially different from
  the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture removes a requirement to exclude cash flows from taxation
  when measuring fair value thereby aligning the fair value measurement requirements
  in MFRS 141 with those in other MFRS Standards.

Effective for financial periods

<sup>\*</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

#### Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases

The Interest Rate Benchmark Reform—Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. BASIS OF PREPARATION (CONTINUED)

## 2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

#### Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

## Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

### Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

## Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.4 Functional and presentation currency

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

#### 2.5 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial period presented in the financial statements of the Group and the Company.

### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its associate. The financial statements of the associate used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

### (a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the incorporation date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

### (a) Subsidiaries and business combination (continued)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

## (b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

## (c) Associate

Associate is an entity over which the Company has significant influence, but not control, to the financial and operating policies.

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associate is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Company's share of net assets of the associate.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### (d) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### (a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

### (i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Financial instruments (continued).

### (a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

### (i) Financial assets (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business models for managing those assets change.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

#### Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.7(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

### Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.7(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Financial instruments (continued)

## (a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

### (i) Financial assets (continued)

Debt instruments (continued)

### • Fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

#### Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Financial instruments (continued)

### (a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

#### (ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

#### Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied, the Group and the Company have not designated any financial liability as at FVPL.

### Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Financial instruments (continued)

### (b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

### (c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchases or sells an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Financial instruments (continued)

#### (d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- the contractual rights to receive cash flows from the financial asset expire;
   or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment

#### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

### (b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, other than bearer plants, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and their cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

### (c) Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives
	(years)
Computer and software	5
Furniture and fittings	5
Office equipment	5
Renovation	5
Motor Vehicles	5
Solar equipment	20 - 25
Right-of-use assets	5 - 21

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment (continued)

### (d) Derecognition

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

#### 3.4 Leases

At Inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

### (a) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of property, plant and equipment in Note 5 and lease liabilities in Note 12.

## Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(b).

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Leases (continued)

### (a) Lessee accounting (continued)

#### Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives:
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise
  of a purchase option, in which case the lease liability is remeasured by
  discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as
  a separate lease, in which case the lease liability is remeasured by discounting
  the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Leases (continued)

### (a) Lessee accounting (continued)

## Lease liability (continued)

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

### Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

### (b) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.4(a), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Contract assets

Contract asset is the right to consideration for goods and services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(a).

### 3.6 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

### 3.7 Impairment of assets

### (a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights,

The Group and the Company measures loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment of assets (continued)

### (a) Impairment of financial assets (continued)

The Group and the Company assume that the credit risk on a financial asset have increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 30 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one for more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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### NOTES TO THE FINANCIÁL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment of assets (continued)

### (a) Impairment of financial assets (continued)

Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the assets' recoverable amount

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Impairment of assets (continued)

### (b) Impairment of non-financial assets (continued)

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit of groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 3.8 Share capital

### **Ordinary shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.9 Employee benefits

### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial period where the employees have rendered their services to the Group and the Company.

### (b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

#### 3.10 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the adjusted market assessment approach.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Revenue and other income (continued)

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

### Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

### (a) Sale of electricity generated from renewable energy equipment

Revenue from sale of electricity generated from renewable energy equipment is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group and the Company's performance. The revenue recognised is the amount to which the Group and the Company have a right to invoice as it corresponds directly with the value to the customer of the Compay's performance that is completed to date. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end.

### (b) Associated services and products

Revenue from associated services and products is recognised at a point in time, if a customer receives and consumes the benefits provided by the entity's performance and if the control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of due from the date of invoices to 60 days. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

#### (a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial period.

### (b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

### (a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.3(c), the Group and the Company reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

# (b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group and the Company's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit losses for trade receivable and contract assets. The provision rate depends on the number of days that a trade receivable is past due. The Group and the Company use the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

### (c) Impairment of financial assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimate and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic over the expected lives of the financial assets and contract assets. The Company's historical credit loss experience and forecast of the economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Company's financial assets and contract assets are disclosed in Note 20(b).

### (d) Measurement of Income taxes

Significant judgement is required in determining the Company's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expenses of the Company are disclosed in Note 19.

### (e) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The Group and the Company use fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of the Group and of the Company.

The carrying amounts of the non-financial assets are disclosed in Note 5.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT

Group and Company		Solar equipment	Furniture and fittings	Renovation	Computer and software	Office equipment	Right-of- use assets	Total
2021	Note	RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 January 2020		19,090,000	9,030	101,663	24,797	7,363	2,874,001	22,106,854
Additions		-	450		-	-	330,186	330,636
Disposal		•-	-	-	-	(3,500)	(103,983)	(107,483)
At 31 March 2021		19,090,000	9,480	101,663	24,797	3,863	3,100,204	22,330,007
Accumulated depreciation								
At 1 January 2020		3,559,367	9,030	92,843	16,407	3,017	361,257	4,041,921
Depreciation charge for						•		
the financial period	17	1,067,000	75	4,009	3,048	875	216,465	1,291,472
Disposal		-	-	-	-	(642)	(63,683)	(64,325)
At 31 March 2021		4,626,367	9,105	96,852	19,455	3,250	514,039	5,269,068
Carrying amount								
At 1 January 2020		15,530,633		8,820	8,390	4,346	2,512,744	18,064 <u>,933</u>
At 31 March 2021		14,463,633	375	4,811	5,342	613	2 <b>,5</b> 86,165	17,060,939

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group and Company		Solar equipment	Furniture and fittings	Renovation	Computer and software	Office equipment	Right-of- use asset	Total
2019 (Restated)	Note	RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 January 2019		19,090,000	9,030	101,663	18,198	3,863	2,874,001	22,096,755
Additions		-		-	6,599	3,500	-	10,099
At 31 December 2019		19,090,000	9,030	101,663	24,797	7,363	2,874,001	22,106,854
Accumulated depreciation								
At 1 January 2019 Depreciation charge		2,705,767	9,030	89,635	14,484	2,249	215,641	3,036,806
for the financial year	17	853,600	•	3,208	1,923	768	145,616	1,005,115
At 31 December 2019		3,559,367	9,030	92,843	16,407	3,017	361,257	4,041,921
Carrying amount								
At 1 January 2019		16,384,233	7	12,028	3,714	1,614	2,658,360	19,059,949
At 31 December 2019		15,530,633	-	8,820	8,390	4,346	2,512,744	18,064,933

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# SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (a) Right-of-use assets

The Group and the Company lease rooftops to place solar equipment. The lease for rooftop generally have lease terms between 5 to 21 years.

The Group and the Company have motor vehicles and solar equipment under finance lease which is classified as right-of-use assets.

information about leases for which the Group and the Company are lessee is presented below:

	Group and Company Motor				
	Rooftop RM	Vehicles RM	Total RM		
Carrying amount					
At 1 January 2019	2,642,073	16,287	2,658,360		
Additions	-	-	-		
Depreciation charge for the					
financial year	(134, 120)	(11,496)	(145,616)		
At 31 December 2019	2,507,953	4,791	2,512,744		
Additions	-	330,186	330,186		
Depreciation charge for the					
financial period	(167,650)	(48,815)	(216,465)		
Disposal	-	(40,300)	(40,300)		
At 31 March 2021	2,340,303	245,862	2,586,165		

The Group and the Company have leases that include extension options. These options are negotiated by the Company to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6. INVESTMENT IN SUBSIDIARY

		← Company —				
	31.3.2021 RM	31.12.2019 RM	1.1.2019 RM			
At cost						
Unquoted shares	•	51	-			

Details of the subsidiary as follows:

	Principal place of business/	Ow	nership inte		
Name of company	country of incorporation	31.3.2021 <u>%</u>	31.12.2019 <u>%</u>	1. <b>1.20</b> 19 %	Principal activity
Solarcity Reit Sdn. Bhd.	Malaysia	0%	51%	0%	Provision of services related to renewable energy equipment

### (a) Disposal of Solarcity Reit Sdn. Bhd.

On 6 July 2020, the Company disposed its 2% equity investment in Solarcity Reit Sdn. Bhd. to Fabulous Sunview Sdn. Bhd. for a consideration of RM2. The Company classified its remaining 49% equity interest in Solarcity Reit Sdn. Bhd. as associate given that the Company has significant influence over the financial and operating policy decisions of Solarcity Reit Sdn. Bhd..

### (i) Summary of the effects of disposal of Solarcity Reit Sdn. Bhd.

	RM	RM
Recognised		
Cash consideration received		2
Fair value of retained investment treated		
as an associate		49
		51
Derecognised		
Fair value of identifiable net asset at disposal	date:	
Cash and cash equivalents	(1,100)	
Other payables	<b>76</b> ,549	
Non-controlling interest	(36,970)	38,479
Gain on disposal of Solarcity Reit Sdn. Bhd.		38,530

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 6. INVESTMENT IN SUBSIDIARY (CONTINUED)

# (a) Disposal of Solarcity Reit Sdn. Bhd. (continued)

(ii) Effect of disposal on cash flows:

	RM
Consideration received in cash	2
Less: Cash and cash equicalents of subsidiary disposed	(1,100)
Net cash flows on disposal	(1,098)

### 7. INVESTMENT IN ASSOCIATE

	4	– Group –	
	31.3.2021 RM	31.12.2019 RM	1.1.2019 RM
At cost			
Unquoted shares	-	-	•
Additional investment	490,000	_	~
	490,000	-	-
Share of post-acquisition loss	(30,313)	-	-
	459,687	-	•

Details of associates are follows:

Principal place

	of business/	Ow	nership inte		
Name of company	country of incorporation	31.3.2021	31.12.2019 <u>%</u>	1.1.2019 %	Principal activity
Solarcity Reit Sdn. Bhd.	Malaysia	49%	0%	0%	Provision of services related to renewable energy equipment

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### SUNTECH ENERGY SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. TRADE AND OTHER RECEIVABLES

		<b>←</b> Gro 31.03.2021	31.12.2019 Restated	31.03.2021	Company – 31.12.2019 Restated	1.1.2019 Restated
	Note	RM	RM	RM	RM	RM
Trade						
Trade receivables	(a)	959,270	700	959,270	700	•
Non-trade						
Other receivables		290,404	369,490	290,404	369,490	20,214
Amount owing by						
holding company	(b)	429,700	-	429,700	_	-
Amount owing by						
related parties	(b)	131,899	-	131,899	3,154	-
Deposits		43,600	63,480	43,600	63,480	63,100
Prepayments		7,087	25,490	7,087	25,490	29,262
Less: Impairment						
losses for oth	ner .		(0.04 <b>0</b> \		(2.240)	
receivables		-	(3,240)	*	(3,240)	**
		902,690	455,220	902,690	458,374	112,576
Total trade and other						
receivables	_	1,861,960	455,920	1,861,960	459,074	112,576

### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Company is 30 days (31.12.2019 and 1.1.2019: 30 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

### (b) Amount owing by holding company and related parties

Amount owing by holding company and related parties are unsecured, non-trade in nature, non-interest bearing and repayable on demand.

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# SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 9. CONTRACT ASSETS

	← Group →		4	- Company -	<del></del>	
	31.03.2021	31.12.2019 Restated	31.03.2021	31.12.2019 Restated	1.1.2019 Restated	
	RM	RM	RM	RM	RM	
Contract asstes relating to unbilled revenue recognised during the period/year	238,134	208,822	238,134	208,822	179,122	
Total contract assets	238,134	208,822	238,134	208,822	179,122	

# (a) Significant changes in contract balances

	← Group →		+		
	31.03.2021	31.12.2019	31.03.2021	31.12.2019	1.1.2019
	Contract assets	Contract assets	Contract assets	Contract assets	Contract assets
	increase/	Increase/	increase/	Increase/	increase/
	(decrease)	(decrease) Restated	(decrease)	(decrease) Restated	(decrease) Restated
	RM	RM	RM	RM	RM
Increase as a result of unbilled revenue recognised					
during the period/year	238,134	208,822	238,134	208,822	179,122
Transfer from contract assets recognised at the					
beginning of the period/ year to receivables	(208,822)	(179,122)	(208,822)	(179,122)	(209,767)

# (b) Revenue recognised in relation to contract balances

	← Group →		← Company			
	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM	1.1.2019 RM	
Revenue recognised from performance obligations satisfied in previous financial year/period	208,822	179,122	208,822	179,122	209,767	

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### SUNTECH ENERGY SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. CASH AND SHORT-TERM DEPOSITS

	← Group →		<del></del>	Company —	
	31.03.2021	31.12.2019 Restated	31.03.2021	31.12.2019 Restated	1.1.2019 Restated
	RM	RM	RM	RM	RM
Cash and bank balances	386,474	106,158	386,474	106,058	190,300
Short-term deposits	1,372,340	<b>734,8</b> 45	1,372,340	734,845	686,324
	1,758,814	841,003	1,758,814	840,903	876,624

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	← Group →		<del></del>	– Company –		
	31.03.2021	31.12.2019	31.03.2021	31.12.2019	1.1.2019	
	RM	RM	RM	RM	R <b>M</b>	
Short-term deposits	1, <b>372</b> ,340	734,845	1,372,340	734,845	686,324	
Less: Pledged deposits	( <b>372</b> ,340)	(339,845)	(372,340)	(339,845)	<b>(</b> 291,324)	
Cash and bank balances	1,000,000	395,000	1,000,000	395,000	395,000	
	386,474	106,158	386,474	106,058	190,300	
	1,386,474	501,158	1,386,474	501,058	585,300	

### 11. SHARE CAPITAL

	Number of ordinary shares			4	Amount	<del></del>	
	31.03.2021 Unit	31.12,2019 Unit	1.1.2019 Unit	31.03.2021 RM	31.12.2019 RM	1.1.2019 RM	
Issued and fully paid up: At 1 January/31 December/							
31March	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company did not issue any new share or debentures during the period.

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### SUNTECH ENERGY SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. LOANS AND BORROWINGS

	Gro	oup ——	4	- Company-	
	31.03.2021	31.12.2019 Restated	31.03.2021	31.12.2019 Restated	1.1.2019 Restated
Note	RM	RM	RM	RM	RM
(a)	10,876,284	10,694,470	10,876,284	10,694,470	11,889,848
(b)	2,751,004	2,634,300	2,751,004	2,634,300	2,706,781
	13,627,288	13,328,770	13,627,288	13,328,770	14,596,629
(a)	947,519	554,136	947,519	554,136	488,101
(b)	93,430	<b>72</b> ,817	93,430	72,817	<b>68</b> ,871
	1,040,949	626,953	1,040,949	626,953	556,972
	14,668,237	13,955,723	14,668,237	13,955,723	15,153,601
I					
(a)	11,823,803	11,248,606	11,823,803	11,248,606	12,377,949
(b)	2,844,434	2,707,117	2,844,434	2,707,117	2,775,652
-	14,668,237	13,955,723	14,668,237	13,955,723	15,153,601
	(a) (b) (a) (b)	31.03.2021  Note RM  (a) 10,878,284 (b) 2,751,004  13,627,288  (a) 947,519 (b) 93,430  1,040,949  14,668,237  (a) 11,823,803 (b) 2,844,434	31.03.2021 31.12.2019 Restated RM  (a) 10,878,284 10,694,470 (b) 2,751,004 2,634,300  13,627,288 13,328,770  (a) 947,519 554,136 (b) 93,430 72,817  1,040,949 626,953  14,668,237 13,955,723  (a) 11,823,803 11,248,606 (b) 2,844,434 2,707,117	Note       RM       RM       RM       RM         (a)       10,873,284 (b)       10,694,470 (c)       10,876,284 (c)       2,634,300 (c)       2,751,004 (c)         (a)       2,751,004 (c)       2,634,300 (c)       2,751,004 (c)       13,627,288 (c)       13,328,770 (c)       13,627,288 (c)         (a)       947,519 (c)       554,136 (c)       947,519 (c)       93,430 (c)       72,817 (c)       93,430 (c)         1,040,949 (c)       626,953 (c)       1,040,949 (c)       14,668,237 (c)       14,668,237 (c)       14,668,237 (c)         (a)       11,823,803 (c)       11,248,606 (c)       11,823,803 (c)       2,844,434 (c)       2,707,117 (c)       2,844,434 (c)	Note         RM         Restated RM         2,634,300         2,634,300         2,751,004         947,519

### (a) Term loans

Term loan 1 of the Company of RM Nil (31.12.2019; RM5,191,498 and 1.1.2019; RM6,044,705) bears interest at Nil % (31.12.2019 and 1.1.2019; 8.30%) per annum and is repayable by monthly instalments of RM72,000 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Debenture creating a first ranked fixed and floating charge over the Company's assets:
- (ii) Specific Debenture over the solar equipment;
- (iii) Legal charge over the Solar Equipment (PL1) of the Company;
- (iv) Guarantee from Cradit Guarantee Corporation Berhad ("CGC") of 60% of either the financing approved amount under the Facility or Guaranteed Amount under Green Technology Financing Scheme("GTFS");
- (v) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed up to RM200,000;
- (vi) Joint and several guarantee by directors of the Company; and
- (vii) Assignment over insurance policies in respect of the equipment financed.

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. LOANS AND BORROWINGS (CONTINUED)

### (a) Term loans (continued)

Term loan 2 of the Company of RM Nil (31.12.2019; RM6,057,108 and 1.1.2019; RM 6,333,244) bears interest at Nil % (31.12.2019 and 1.1.2019; 8.25%) per annum and is repayable by monthly instalments of RM50,000 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Debenture creating a first ranked fixed and floating charge over the Company's assets:
- (ii) Specific Debenture over the solar equipment;
- (iii) Legal charge over the Solar Equipment (PL1) of the Company;
- (iv) Guarantee from CGC under GTFS of Guaranteed Amount;
- (v) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed.;
- (vi) Memorandum of Deposit by a local bank of RM395,000 being 5% of Facility Amount; and
- (vii) Joint and several guarantee by directors of the Company.

Term loan 3 of the Company of RM5,180,460 (31.12.2019 and 1.1.2019; RM Nil) bears interest at 15% per annum and is repayable by monthly instalments of RM77,060 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed received from Tenaga Nasional Berhad (TNB);
- (ii) Assignment over Finance Service Reserve Account ("FSRA")
- (iii) Specific Debenture over the solar equipment;
- (iv) Assent to the Deed of Assignment of Feed in Tariff ("FiT") proceeds under the Renewable Energy Power Purchase Agreement ("REPPA") between the Company and TNB;
- (v) Irrevocable Letter of Instruction ("ILi") from the Company and acknowledged by the Company as to direct credit all contract proceeds into Collection Account maintained by Bank Islam;
- (vi) Letter of Disclaimer from landlord and/or Letter of Consent from financier; and
- (vii) Joint and several guarantee by directors of the Company.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. LOANS AND BORROWINGS (CONTINUED)

### (a) Term loans (continued)

Term loan 4 of the Company of RM5,877,069 (31.12.2019 and 1.1.2019; RM Nil) bears interest at 15% per annum and is repayable by monthly instalments of RM87,049 over fourteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed received from TNB;
- (ii) Assignment over FSRA
- (iii) Specific Debenture over the solar equipment:
- (iv) Assent to the Deed of Assignment of FiT proceeds under the REPPA between the Company and TNB;
- (v) Irrevocable ILI from the Company and acknowledged by the Company as to direct credit all contract proceeds into Collection Account maintained by Bank Islam:
- (vi) Letter of Disclaimer from landlord and/or Letter of Consent from financier; and
- (vii) Joint and several guarantee by directors of the Company.

Term loan 5 of the Company of RM300,000 (31.12.2019 and 1.1.2019; RM Nil) bears interest at 9.83% per annum and is repayable by monthly instalments of RM6,718 over five years and nine months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by directors of the Company; and
- (ii) Corporate Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) up to 80% from the financing amount portion of maximum coverage of RM240,000.

Term loan 6 of the Company of RM466,274 (31.12.2019 and 1.1.2019; RM Nil) bears interest at 12% per annum and is repayable by monthly instalments of RM9,096 over five years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by directors of the Company; and
- (ii) Guarantee by SJPP under the Penjana SME Financing Government Guarantee Scheme-Prinhatin ("PSF GGSP") of up to RM400,000.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. LOANS AND BORROWINGS (CONTINUED)

### (b) Lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	← Group →		4	-Company -	<del></del>	
	31.03.2021	31.12.2019 Restated	31.03.2021	31.12.2019 Restated	1.1.2019 Restated	
	RM	RM	RM	RM	RM	
Minimum lease payments:						
Not later than one year Later than one year but	244,176	218,748	<b>244</b> ,176	218,748	218,748	
not later than five years	976,704	852,357	976,704	852,357	816,105	
Later than five years	3,216,328	3,365,000	3,218,328	3,365,000	3,575,000	
	4,437,208	4,436,105	4,437,208	4,436,105	4,609,853	
Less: Future finance						
charges	(1,592,774)	(1,728,988)	(1,592,774)	(1,728,988)	(1,834,201)	
Present value of minumum	•					
lease payments	2,844,434	2,707,117	2,844,434	2,707,117	2,775,652	
Present value of minimum						
lease payment payable: Not later than one year	93,430	72,817	93,430	72,817	68,871	
Later than one year but	30,400	12,011	90,400	12,011	00,011	
not later than five years	534,643	310,407	534,643	310,407	302,013	
Later than five years	2,216,361	2,323,893	2,216,361	2,323,893	2,404,768	
	2,844,434	2,707,117	2,844,434	2,707,117	2,775,652	
Less: Amount due						
within twelve months	(93,430)	(72,817)	(93,430)	(72,817)	(68,871)	
Amount due after						
twelve months	2,751,004	2,634,300	2,751,004	2,634,300	2,706,781	

The maturity analysis of lease liabilities is disclosed in Note 20(b)(ii).

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### SUNTECH ENERGY SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. TRADE AND OTHER PAYABLES

		← Group →		4	– Company –	<del></del>
		31.03.2021	31.12.2019 Restated	31.03.2021	31.12.2019 Restated	1.1,2019 Restated
	Note	RM	RM	RM	RM	RM
Trade						
Trade payables						
-Third parties	(a)	912,069	•	912,069	-	-
-Holding company	(b)	1,500	-	1,500	<u>-</u>	-
		913,569	-	913,569	-	-
Non-trade						
Other payables  Amount owing to		1,507,969	<b>1</b> ,15 <b>2,7</b> 54	1,507,969	1,150,601	887,706
holding company  Amount owing to	(b)	844,851	-	844,851	_	-
related parties	(b)	582,080	1,759,268	582,080	1,759,268	1,514,485
Accruals	`,	48,150	102,369	48,150	102,369	176,882
	_	2,983,050	3,014,391	2,983,050	3,012,238	2,559,073
Total trade and	-					
other payables	_	3,896,619	3,014,391	3,896,619	3,012,238	2,559,073

### (a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 days terms.

### (b) Amount owing to holding company and related parties

Amount owing to holding company and related parties are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

For explanations on the Group's and Company's liquidity risk management processes, refer to Note 20(b)(ii).

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. REVENUE

	← Group →		← Comp	any ——
	1,1.2020	1.1.2019	1.1.2020	1.1.2019
	to	to	to	to
	31.3.2021	31.12.2019	31.3.2021	31.12.2019
		Restated		Restated
	RM	RM	RM	RM
At a point in time:				
Associated services and product:	4,423,876	94,700	4,423,876	94,700
Over time:				
Sale of electricity generated from				
renewable energy equipment	3,126,698	2,551,414	3,126,698	2,551,414
	7,550,574	2,646,114	7,550,574	2,646,114

### 15. OTHER INCOME

	← Gro 1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019	← Com 1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019
	RM	Restated RM	RM	Restated RM
Insurance claim	10,000	5,362	10,000	5,362
Government grants	10,400	•	10,400	, <del>-</del>
Interest income	15,059	-	15,059	-
Gain on disposal of property,		-		~
plant and equipment	17,400	-	17,400	_
Gain on disposal of subsidiary	38,530	_	-	_
Miscellaneous	17,976	-	17,976	-
	109,365	5,362	70,835	5,362

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# SUNTECH ENERGY SDN. BHD.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. FINANCE COSTS

	<b>←</b> Gro	oup ——	← Company →	
	1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019 Restated	1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019 Restated
	RM	RM	RM	RM
Interest expense on:				
- Term loans	690,610	830,403	690,61 <b>0</b>	830,403
- Lease liabilities	191, <b>46</b> 9	150,212	191,469	150,212
	882,079	980,615	882,079	980,615

### 17. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

		Gro	oup	← Company — →		
		1.1.2020 to	1.1.2019 to	1.1.2020 to	1.1.2019 to	
		31.3.2021	31.12.2019 Restated	31.3.2021	31.12.2019 Restated	
	Note	RM	RM	RM	RM	
Auditors' remuneration						
- Current year		5,000	4,800	5,000	4,800	
Impairment losses on						
other receivables	8	•	3,240	-	3,240	
Depreciation of property,						
plant and equipment	5	1,291,472	1,005,115	1,291,472	1,005,115	
Gain on disposal of prope	rty,					
plant and equipment		17,400	-	17,400		
Loss on disposal of prope	erty,					
plant and equipment		4,729	-	4,729	-	
Employee benefits						
expense	18	396,217	285,597	396,217	285,597	
	-					

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. EMPLOYEE BENEFITS EXPENSE

	← Group ← → →		← Company —	
•	1.1.2020	1.1.2019	1.1.2020	1.1.2019
	to	to	to	to
	31.3.2021	31.12.2019	31.3.2021	31.12.2019
		Restated		Restated
	RM	RM	RM	RM
Salaries, wages, allowances				
and bonuses	338,420	247,600	338,420	247,600
Defined contribution plans	42,171	32,068	42,171	32,068
Other staff related expenses	15,626	5,929	15,626	5,929
_	396,217	285,597	396,217	285,597
Included in employee benefits are:	•			
Directors' remuneration:	•			
- Salaries, allowances				
and bonuses	148,762	120,000	148,762	120,000
- Defined contribution plans	18,200	15,600	18,200	15,600
- Other related expenses	2,309	1,847	2,309	1,847
<del>-</del>	169,271	137,447	169,271	137,447

### 19. INCOME TAX EXPENSE

The major components of income tax expense for the financial period/year ended 31 March 2021 and 31 December 2019 are as follows:

	- ← Gro	лъ ——▶	← Company — →		
	1.1.2020	1.1.2019	1.1.2020	1.1.2019	
	to	to	to	to	
	31.3.2021	31.12.2019 Restated	31,3.2021	31.12.2019 Restated	
	RM	RM	RM	RM	
Statement of comprehensive income					
Current income tax:					
- Current income tax charge	12,872		12,872	, mir	
Income tax expenses recognised in profit or loss	12,872	-	12,872	,	
•					

Domestic income tax is calculated at the Malaysia statutory income tax rate of 24% of the estimated assessable profit for the financial period.

#### AUDITED FINANCIAL STATEMENTS OF SUNTECH ENERGY FOR THE 15-MONTH APPENDIX D **FPE 31 MARCH 2021 (CONT'D)**

### Registration No. 201301028089 (1057919-A)

# SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 19. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and Company's tax expense are as follows:

	<b>←</b> Gro	up	<b>←</b> Company →		
	1.1.2020	1.1.2019	1.1.2020	1.1.2019	
	to	to	to	to	
	31.3.2021	31.12.2019 Restated	31.3.2021	31.12.2019 Restated	
	RM	RM	RM	RM	
Profit before tax	174,168	84,918	236,193	90,225	
Tax at Malaysian statutory					
income tax rate of 24%	41,800	20,380	56,686	21,654	
Share of results of associates Adjustments:	7,275				
Non-deductible expenses Utilisation of previously unrecognised tax lossess	77,019	17,277	69,408	16,003	
and capital allowances	(113,222)	(37,657)	(113,222)	(37,657)	
Income tax expense	12,872		12,872	-	

The Company has been granted 100% pioneer tax exemption on the statutory income for Business Segment in Nilai for 10 years beginning year of assessment 30 January 2015 in respect of the approved business by the Malaysian Investment Development Authority under the Income Tax (Exemption) (No.11) Order 2006 [P.U. (A) 112/2006] of the Income Tax Act, 1967.

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 19. INCOME TAX EXPENSE (CONTINUED)

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	<b>←</b> Group →		<b>4</b>	- Company	ıny→		
	31.3.2021	31.12.2019 Restated	31.3.2021	31.12.2019 Restated	1.1.2019 Restated		
	RM	RM	RM	RM	RM		
Temporary difference arising from property, plant and							
equipment	(13,081,270)	(12,359,234)	(13,081,270)	(12,359,234)	(11,410,957)		
Lease liabilities	265,317	179,423	265,317	179,423	106,793		
Unused tax losses	1,944,047	2,326,635	1,944,047	2,326,635	2,528,154		
Unabsorbed capital allowance	11,031,346	10,484,376	11,031,346	10,484,376	9,564,113		
- -	159,440	531,200	159,440	631,200	788,103		

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e., from year of assessments 2019 to 2025).

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# SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS

# (a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

Carrying amount RM	Amortised cost RM
1,854,873 1,758,814	1,854,873 1,758,814
3,613,687	3,613,687
1,854,873 1,758,814 3,613,687	1,854,873 1,758,814 3,613,687
(14,668,237)	(14,668,237)
(3,896,619)	(3,896,619)
(18,564,856)	(18,564,856)
(14,668,237)	(14,668,237)
(3,896,619)	(3,896,619)
(18,584,856)	(18,564,856)
	1,854,873 1,758,814 3,613,687 1,854,873 1,758,814 3,613,687 (14,668,237) (3,896,619) (18,564,856)

## Registration No. 201301028089 (1057919-A)

# SUNTECH ENERGY SDN. BHD. (incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS

### (b) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
At 31 December 2019 Financial assets Group		
Trade and other receivables, less prepayment Cash and short-term deposits	430,430 841,003	430,430 841,003
	1,271,433	1,271,433
Company		
Trade and other receivables, less prepayment Cash and short-term deposits	433,584 840,903	433,584 <b>840,9</b> 03
•	1,274,487	1 <b>,27</b> 4,487
Financial liabilities Group		
Loans and borrowings	(13,9 <b>5</b> 5,723)	(13,955,723)
Trade and other payables	(3,014,391)	(3,014,391)
	(18,970,114)	(16,970,114)
Company		
Loans and borrowings	(13,955,723)	(13,955,723)
Trade and other payables	(3,012,238)	(3,012,238)
	(16,967,961)	(16,967,961)
At 1 January 2019 Financial assets		
Company Trade and other receivables, less prepayment	83,314	83,314
Cash and short-term deposits	876,624	876,624
	959,938	959,938
Financial liabilities Company		
Loans and borrowings	(15,153,601)	(15, 153, 601)
Trade and other payables	(2,559,073)	(2,559,073)
	(17,712,674)	(17,71 <mark>2,674</mark> )

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SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Company's senior management.

### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

### Trade receivables contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by their carrying amounts in the statement of financial position.

### Credit risk concentration profile

The Group and the Company have no significant concentration of credit risk from its receivables and contract assets. The Group and the Company minimises credit risk by requiring collateral and/or dealing with credit worthy counterparties.

The Group and the Company applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

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# SUNTECH ENERGY SDN. BHD.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile (continued)

The Company determines the concentration of credit risk by monitoring its trade receivable.

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets using a provision matrix are as follows:

				Tra	de receiva	bles	I	
	Contract assets RM	Current RM	1 to 30 days past due RM	31 to 60 days past due RM	61 to 90 days past due RM	91 to 120 days past due RM	>120 days past due RM	Total RM
Group and Company 31 March 2021 Expected		•	,			7	••••	
credit loss rate Gross carrying	0%	0%	0%	0%	0%	0%	0%	0%
amount at default Impairment	238,134	959,270	-	•	-	•		959,270
losses	-					-		-
31 December 2019 Expected								
credit loss rate Gross carrying	0%	0%	0%	0%	0%	0%	0%	0%
amount at default Impairment	208,822	700	-	•	-	•	-	700
losses	*							-
1 January 2019 Expected								
credit loss rate Gross carrying	0%	0%	0%	0%	0%	0%	0%	0%
amount at default impairment	179,122	-	٠	-	-	-	-	•
losses	_		-	-		_		

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

### (i) Credit risk (continued)

### Other receivables and other financial assets (continued)

For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company considers the probability of default upon initial recognition of asset and whether there have been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and the Company and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

### (i) Credit risk (continued)

# Other receivables and other financial assets (continued)

Intercompany loans between related entities are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.7(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loan and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group's and the Company's treasury department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

## (ii) Liquidity risk (continued)

### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		<del>4</del>	Contractual		
Group	Carrying amount RM	On demand or within one year RM	Between one and five years RM	More than five years RM	Total RM
31 March 2021					
Trade and other payables	3,896,619	3,896,619	_	_	3,896,619
Term loans	11,823,803	2,159,083	8,599,927	16,726,242	27,485,252
Lease liabilities	2,844,434	244,176	976,704	3,216,328	4,437,208
	18,564,856	6,299,878	9,576,631	19,942,570	35,819,079
31 December 2019					
Other payables	3,014,391	3,014,391	-	-	3,014,391
Term loans	11,248,606	1,464,000	5,856,000	6,135,000	13,456,000
Lease liabilities	2,707,117	218,748	852,357	3,365,000	4,436,105
	16,970,114	4,697,139	6,708,357	9,501,000	20,906,496

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

### (ii) Liquidity risk (continued)

		<b>←</b> On demand	Contractual Between		
Company	Carrying amount RM	or within one year RM	one and five years RM	More than five years RM	Total RM
31 March 2021					
Trade and other payables	3,896,619	3,896,619	-	•	3,896,619
Term loans	11,823,803	2,159,083	<b>8,</b> 599, <b>927</b>	16,726,242	27,485,252
Lease liabilities	2,844,434	244,176	976,704	3,216,328	4,437,208
	18,564,856	6,299,878	9,576,631	19,942,570	35,819,079
31 December 2019					
Other payables	3,012,238	3,012,238	-	-	3,012,238
Term loans	11,248,606	1,464,000	5,856,000	6,136,000	13,456,000
Lease liabilities	2,707,117	218,748	852,357	3,385,000	4,436,105
	16,967,961	4,694,986	6,708,357	9,501,000	20,904,343
1 January 2019					
Other payables	2,559,073	2,559,073	-	-	2,559,073
Term loans	12,377,949	1,464,000	5,856,000	7,600,000	14,920,000
Lease liabilities	2,775,652	218,748	816,105	3,575,000	4,609,853
	17,712,674	4,241,821	6,672,105	11,175,000	22,088,926

## (iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

# Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial period/year.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

### (iii) Interest rate risk (continued)

	Carrying amount RM	Change in basis point	Effect on profit and equity for the financial period/year RM
Group and Company			
31 March 2021			
Term loans	11,823,803	+ 50	(44,930)
		- 50	44,930
31 December 2019			
Term loans	11,248,606	+ 50	(42,745)
		- 50	42,745
1 January 2019			
Term loans	12,377,949	+ 50	(47,036)
		- 50	47,036

### (c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years.

	Carrying	Fair value of financial instruments not carried at						
	amount RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM			
Group and Company 31 March 2021 Financial liabilities								
Term loans	10,876,284	-	_	38,820,891	38,820,891			
31 December 2019 Financial liabilities Term loans	10,694,470		-	15,414,703	16,414,703			
1 January 2019 Financial liabilities Term loans	11,889,848	-	-	18,585,774	18,585,774			

PERSONAL PROPERTY AND ADMINISTRA

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year/period ended 1 January 2019, 31 December 2019 and 31 March 2021.

The Group and the Company monitors capital using gearing ratio. The gearing ratio is calculated as total interests bearing debts divided by total equity. The gearing ratio as at 31 March 2021, 31 December 2019 and 1 January 2019 are as follows:

		<b>←</b> Gro	up <del></del>	4		
	Note	31.03.2021 RM	31.12.2019 RM	31.03.2021 RM	31.12.2019 RM	1.1.2019 RM
Loan and borrowings	12	14,668,237	13,955,723	14,668,237	13,955,723	15,153,601
Total equity		2,801,806	2,603,540	2,632,119	2,608,798	2,518,573
Net gearing ratio (time	es) .	5.24	5.36	5.18	5.35	6.02

There were no changes in the Company's approach to capital management during the financial years under review.

The Group and the Company are not subject to externally imposed capital requirement.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 22. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (a) On 24 March 2021, Fabulous Sunview Sdn. Bhd. ("FSSB") acquired 4,000,000 unit of ordinary shares of RM1 each representing 100% equity interest in the Company for a total consideration of RM15,000,000 arrived based on valuation report. As a result, the Company became a subsidiary of FSSB.
- (b) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effects on the financial statement for the financial period ended 31 March 2021.

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimize the impact of the outbreaks on the Group's and the Company's operations.

### 23. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

- (a) The financial statements for the Group and the Company have been prepared for a financial period of fifteen (15) months ended 31 March 2021. The comparative is for twelve (12) months ended 31 December 2019 with a transition date of 1 January 2019.
- (b) The prior year adjustments were in relation the following retrospective changes in accounting policies, adoption of new accounting standards and fundamental errors made in the prior financial years:
  - Reclassification of accounts:
  - (ii) Overstatement or understatement of revenue;
  - (iii) Overstatement or understatement of cost of sales;
  - (iv) Overstatement or understatement of taxation or deferred tax liabilities;
  - (v) Adoption of MFRS 16:
  - (vi) Overstatement or understatement of expenses; and
  - (vii) Overstatement or understatement of non-controlling interest.

As a result of the prior year adjustments, corresponding adjustments have been made to the statements of changes in equity and statements of cash flows

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

	As previously								As
	reported	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	restated
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2019									
Statement of financial position									
Property, plant and equipment	16,075,960	-	-	-	-	2,512,744	(523,771)	-	18,064,933
Trade and other receivables	1,637,348	(734,845)	(457,063)	13,721	-		(3,241)	-	455,920
Contract assets	-	-	208,822	-	-	-	-	•	208,822
Cash and short-term deposits	106,158	734,845	-	-	-	-	-		841,003
Accumulated losses	419,918	-	248,242	(13,721)	-	174,633	567,437	(2,600)	1,393,909
Non-controlling interest	(49)	-	-	-	-	•	-	2,600	2,551
Loan and borrowings (non-current)	(10,706,347)	64,954	-	-	-	(2,687,377)	-	-	(13,328,770)
Trade and other payables	(2,973,966)	_	•	-	-	-	(40,425)		(3,014,391)
Loan and borrowings (current)	(561,999)	(84,954)	-	•	_		-		(626,953)

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### SUNTECH ENERGY SDN. BHD.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

	As previously							As
	reported	(i)	(ii)	(iii)	(IV)	(v)	(vi)	restated
Group	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2019								
Statement of comprehensive income								
Revenue	2,616,414	-	29,700	-	-	-	-	2,646,114
Cost of sales	(301,341)	(865,097)	-	(1,782)	-	75,880	-	(1,092,340)
Adminitrative expenses	(1,212,025)	865,097	-	-	-	-	(69,371)	(416,299)
Finance costs	(887,004)	-	-	-	-	(148,510)	54,899	(980,615)
Income tax expense	644,423	-	•	-	(644,423)	-	-	•

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# APPENDIX D - AUDITED FINANCIAL STATEMENTS OF SUNTECH ENERGY FOR THE 15-MONTH FPE 31 MARCH 2021 (CONT'D)

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### SUNTECH ENERGY SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

	As previously reported	(î)	(II)	(iii)	(iv)	(v)	(vi)	As restated
Company	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2019								
Statement of financial position								
Property, plant and equipment	16,075,960	-	-	_	-	2,512,744	(523,771)	18,064,933
Trade and other receivables	1,640,502	(734,845)	(457,063)	13,721	-	_	(3,241)	459,074
Contract assets	-	-	208,822	•	-	_	•	208,822
Cash and short-term deposits	106,058	7 <b>3</b> 4,845	-	-	-	-	-	840,903
Accumulated losses	414,611	-	248,242	(13,721)	-	174,633	567,437	1,391,202
Loan and borrowings (non-current)	(10,706,347)	64,954	-	-	•	(2,687,377)	-	(13,328,770)
Trade and other payables	(2,971,813)	•		•	-	-	(40,425)	(3,012,238)
Loan and borrowings (current)	(561,999)	(64,954)	•	-	-	-	-	(626,953)

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

	As previously				-			As
	reported	(i)	(11)	(iii)	· (iv)	(v)	(ví)	restated
Company	RM	RM	RM	RM	RM	RM	RM	RM
At 31 December 2019								7
Statement of comprehensive income								
Revenue	2,616,414	-	29,700	-	-	-	-	2,646,114
Cost of sales	(301,341)	(865,097)	-	(1,782)	•	75,880	_	(1,092,340)
Adminitrative expenses	(1,206,718)	865,097	-	-	-	-	(69,371)	(410,992)
Finance costs	(887,004)	-	_	-	-	(148,510)	54,899	(980,615)
Income tax expense	644,423	-		-	(644,423)	•	-	-

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## SUNTECH ENERGY SDN. BHD.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 23. PRIOR YEAR ADJUSTMENT AND COMPARATIVE FIGURE (CONTINUED)

(b) The prior year adjustments were in relation the following retrospective changes in accounting policies, adoption of new accounting standards and fundamental errors made in the prior financial years: (continued)

Company At 1 January 2019	As previously reported RM	(i) RM	(ii) RM	(iii) RM	(iv) RM	(v) RM	(vî) RM	As restated RM
Statement of financial position								
Property, plant and equipment	16,870,726	-		-	-	2,646,864	(457,641)	19,059,949
Trade and other receivables	1,240,460	(686,323)	(457,064)	15,503	-	_	- 1	112,576
Cash and short-term deposits	190,300	686,323	=	-	-	-	1	876,624
Contract assets	•	•	179,122		-	_	-	179,122
Accumulated losses	1,208,443	-	277,942	(15,503)	(644,423)	102,003	552,965	1,481,427
Loan and borrowings (non-current)	(11,909,253)	61,490	-	-	-	(2,748,866)	_	(14,596,629)
Other payables	(2,463,748)	-	-	-	-	(1)	(95,324)	(2,559,073)
Loan and borrowings (current)	(495,482)	(61,490)	, <del>-</del>	-	-	-		(556,972)
Deferred tax liabities	(644,423)	<u>-</u>	-	-	644,423	-	-	- '-

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SUNTECH ENERGY SDN. BHD.

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STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, NG CHEE YEE and KHOO KAH KHENG, being the directors of SUNTECH ENERGY SDN. BHD., do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and cash flows for the financial period then ended.

Signed in accordance with a resolution of the directors:

NG CHÉE YEE

Director

KHOO KAH KHENG

Director

Kuala Lumpur

Date: 2 September 2021

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SUNTECH ENERGY SDN. BHD.

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### STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, NG CHEE YEE, being the director primarily responsible for the financial management of SUNTECH ENERGY SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

NG CHEEXEE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 2 September 2021.

Before me,

Commissioner for Oaths

CHAMBERS TWENTY FIVE NO 25, JALAN TUNGKU, BUKIT TUNKU 50480 KUALA LUMPUR

HADINUH MOHE SYARIF 01/05/2019-31/12/2021



Baker Tilly Monteiro Heng PLT 201906000500 (LLP0019411-LCA) Chartered Accountants (AF 0117) Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Suntech Energy Sdn. Bhd., which comprise the statement of financial position as at 31 March 2021 of the Group and the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 76.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### **Basis for Opinion**

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

Independence and Other Ethical Responsibilities

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



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

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



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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNTECH ENERGY SDN. BHD. (Incorporated in Malaysia)

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statement of the Group. We are responsible for the direction, supervision and performance of the group audit. We maintain 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.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNTECH ENERGY SDN. BHD.

(Incorporated in Malaysia)

### Other Matters

- 1. As stated in Note 2 to the financial statements, Suntech Energy Sdn. Bhd. adopted the Malaysian Financial Reporting Standards on 1 January 2020 with a transition date of 1 January 2019. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2019 and 1 January 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2019 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial period ended 31 March 2021 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2020 do not contain misstatements that materially affect the financial position as at 31 March 2021 and the financial performance and cash flows for the financial period then ended.
- 2. The financial statements of the Group and of the Company for the financial year ended 31 December 2019 were audited by another firm of chartered accountants whose report dated 2 September 2020 expressed an unmodified opinion on those financial statements.
- 3. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Barthum

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) & AF 0117

Chartered Accountants

Paul Tan Hong No. 03459/11/2021 J Chartered Accountant

Kuala Lumpur

Date: 2 September 2021

Registration No. 202101019497 (1419797-M)

# APPENDIX E - AUDITED FINANCIAL STATEMENTS OF VAFE SYSTEM FOR THE 15-MONTH FPE 31 MARCH 2021

VAFE SYSTEM SDN. BHD. 201401048114 (1124303-W) (Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

# Registration No. 201401048114 (1124303-W)

# VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

# REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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## Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

#### **DIRECTORS' REPORT**

The directors hereby submit their report together with the audited financial statements of the Company for the financial period ended 31 March 2021.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in development and operation of power generation activities from renewable energy resource.

There has been no significant change in the nature of these principal activities during the financial period.

#### **RESULTS**

RM

Loss for the financial period, net of tax

(182, 192)

### **DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial period ended 31 March 2021.

#### **RESERVES OR PROVISIONS**

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

#### **BAD AND DOUBTFUL DEBTS**

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

### Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

### **DIRECTORS' REPORT (CONTINUED)**

#### **CURRENT ASSETS**

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

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

#### **VALUATION METHODS**

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

#### **CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Company which has arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Company to meet its obligations as and when they fall due.

## CHANGE OF CIRCUMSTANCES

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

### Registration No. 201401048114 (1124303-W)

### VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

## **DIRECTORS' REPORT (CONTINUED)**

# ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

#### ISSUE OF SHARES AND DEBENTURES

During the financial period, no new issue of shares or depentures were made by the Company.

### **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial period.

#### **DIRECTORS**

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

Chio Chooi Yuen Lee Fong Yeng Leong Wai Yee Mok Chee Hoong Mok Lik Yuee

## Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

### DIRECTORS' REPORT (CONTINUED)

#### **DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, none of the directors in office at the end of the financial period had any interest in shares of the Company.

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

#### INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, there was no indemnity coverage and insurance premium paid for the director and officers of the Company.

# IMMEDIATE HOLDING COMPANY

The directors regard Fabulous Sunview Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company.

## SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Details of significant events during the financial period are disclosed in Note 21 to the financial statements.

## **AUDITORS**

The auditors, Messrs Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 16 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

# Registration No. 201401048114 (1124303-W)

VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

# **DIRECTORS' REPORT (CONTINUED)**

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

CHIO CHOO! YUEN

Director

LEE FONG YENG

Director

Date: 2 September 2021

# Registration No. 201401048114 (1124303-W)

VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		31.03.2021	31.12.2019 Restated	1.1.2019 Restated
	Note	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	6,541,437	7,029,604	7,420,137
Total non-current assets		6,541,437	7,029,604	7,420,137
Current assets				
Other receivables	6	1,323,768	1,467,897	1,620,630
Contract assets	7	83,255	73,837	39,409
Cash and bank balances	8	270,840	21,094	93,818
Total current assets	•	1,677,863	1,562,828	1,753,857
TOTAL ASSETS		8,219,300	8,592,432	9,173,994
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	9	1,800,000	1,800,000	1,800,000
Accumulated losses		(1,011,534)	(829,342)	(757,291)
TOTAL EQUITY	-	788,466	970,658	1,042,709
Non-current liabilities				
Loans and borrowings	10	5,201,748	5 <b>,494</b> ,8 <b>56</b>	6,135,492
Deferred tax liabilities	11	307,389	355,046	367,595
Total non-current liabilities	-	5,509,137	5,849,902	6,503,087
Current liabilities				
Loans and borrowings	10	570,341	640,636	639,619
Current tax liabilities		8,307	54	217
Trade and other payables	12	1,343,049	1,131,182	988,362
Total current liabilities	- -	1,921,697	1,771,872	1,628,198
TOTAL LIABILITIES	_	7,430,834	7,621,774	8,131,285
TOTAL EQUITY AND LIABILITIES	-	8,219,300	8,592,432	9,173,994

The accompanying notes form an integral part of these financial statements.

# Registration No. 201401048114 (1124303-W)

VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

# STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 31 MARCH 2021

	Note	1.1.2020 to 31.3.2021 RM	1.1.2019 to 31.12.2019 Restated RM
	11013	13.01	7 447
Revenue	13	1,192,259	1,012,715
Cost of sales		(562,775)	(473,676)
Gross profit	_	629,484	539,039
Other income	14	36,110	-
Administrative expenses		(438, 163)	(98,017)
Distribution expenses		(718)	(2, 172)
Operating profit	-	226,713	438,850
Finance costs	15	(448, 309)	(523,450)
Loss before tax	16	(221,596)	(84,600)
income tax credit	17	39,404	12,549
Loss for the financial period/year,	-		
representing total comprehensive			
loss for the financial period/year	_	(182,192)	(72,051)

# Registration No. 201401048114 (1124303-W)

# VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

# STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Attributable to owners of   ← the Company ← ▶		
	Share capital RM	Accumulated losses RM	Total equity RM
At 1 January 2019	1,800,000	<b>8</b> 4.	1,800,000
- As previously reported	-	(348,621)	(348,621)
- Effect of MFRS 16	-	(41,021)	(41,021)
- Prior year adjustments	-	(367,649)	(367,649)
As restated	***	(757,291)	(757,291)
Restated balance at 1 January 2019	1,800,000	(757,291)	1,042,709
Total comprehensive income for the financial year			
- As previously reported	_	(73, 162)	(73,162)
- Prior year adjustment	_	1,111	1,111
As restated	-	(72,051)	(72,051)
Restated balance at 31 December 2019	1,800,000	(829,342)	970,658
Total comprehensive income for the financial period			
Profit for the financial period	-	(182, 192)	(182,192)
At 31 March 2021	1,800,000	(1,011,534)	788,466

# Registration No. 201401048114 (1124303-W)

# VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

# STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

		1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019 Restated
	Note	RM	RM
Cash flows from operating activities			•
Loss before tax		(221,596)	(84,600)
Adjustments for:			
Depreciation of property, plant and equipment		488,167	390,533
Impairment loss on other receivables		260,074	-
Finance costs		448,309	523,450
Operating profit before changes in working capital	-	974,954	829,383
Changes in working capital:			
Other receivables		(1,186,011)	87,233
Contract assets		(9,418)	(34,428)
Trade and other payables		1,164,408	77,494
Net cash generated from operations	-	943,933	959,682
Income tax paid		•	(163)
Net cash from operating activities	_	943,933	959,519
Cash flows from financing activities	(a)		
Repayment of term loans	• •	(342,442)	(624,000)
Repayment of lease liability		(20,961)	(15,619)
Net changes in amount owing to holding company		(470, <b>815</b> )	58,524
Net changes in amount owing to related parties		588,340	72,302
Interest paid	_	(448,309)	(523,450)
Net cash used in financing activities	_	(694,187)	(1,032,243)
Net increase/(decrease) in cash and cash equivalents		249,746	(72,724)
Cash and cash equivalents at the beginning of the financial period/year		21,094	93,818
Cash and cash equivalents at the	<b>-</b>		<b>4</b>
end of the financial period/year	8 _	270,840	21,094

# Registration No. 201401048114 (1124303-W)

# VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

# STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

# (a) Reconciliation of liabilities arising from financing activities

	1.1.2020 RM	Cash Flow RM	31.3.2021 RM
Term loans	5,596,000	(342,442)	5,253,558
Lease liabilities	539,492	(20,961)	51 <b>8,531</b>
Net changes in amount owing to			
holding company	470,815	(470,815)	-
Net changes in amount owing to related parties	(588,340)	588,340	<b>-</b>
	6,01 <b>7,9</b> 67	(245,878)	5,772,089
	1.1.2019 Restated RM	Cash Flow Restated RM	31.12.2019 Restated RM
Term loans	6,220,000	(624,000)	5,596,000
Lease liabilities	555,111	(15,619)	539,492
Net changes in amount owing to holding company	412,2 <b>91</b>	58,524	470,815
Net changes in amount owing to related parties	(660,642)	72,302	(588,340)
	6,526,760	( <b>5</b> 08,793)	6,017,967

The accompanying notes form an integral part of these financial statements.

Registration No. 201401048114 (1124303-W)

VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

#### NOTES TO THE FINANCIAL STATEMENTS

#### 1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 31-3, Jalan Tasik Selatan 3, Metro Centre, Bandar Tasik Selatan 57000 Kuala Lumpur. The principal place of business of the Company is located at A-02-06, Galeria Hartamas Jalan 26A/70A, Desa Sri Hartamas, 50480 Kuala Lumpur.

The principal activity of the Company is engaged in development and operation of power generation activities from renewable energy resources.

There has been no significant change in the nature of this activity during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 September 2021.

### 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements of the Company has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

# 2.2 Explanation of transition to MFRSs and change in accounting policy

The financial statements of the Company for the financial period ended 31 March 2021 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. For periods up to and including the financial year ended 31 December 2019, the Company prepared its financial statements in accordance with the Malaysia Private Entities Reporting Standards ("MPERSs") in Malaysia. In preparing these financial statements, the Company's opening MFRSs statements of financial position were prepared as at 1 January 2019 (the date of transition to MFRSs).

The Company has consistently applied the same accounting policies in the preparation of the financial statements of the Company for the financial period ended 31 March 2021, the comparative financial statements for the financial year ended 31 December 2019, and the opening MFRSs statements of financial position as at 1 January 2019, other than those as discussed below. The transition to the MFRSs framework does not have any significant effect on the financial statements of the Company except for those discussed below.

### Registration No. 201401048114 (1124303-W)

#### VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

# 2.2 Explanation of transition to MFRSs and change in accounting policy (continued)

# (a) Transition to MFRSs

## MFRS 16 Leases ("MFRS 16")

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 Determining whether an Arrangement contains a Lease.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Company have applied MFRS 16 using the full retrospective approach, as if the leases had already been effective at the commencement date of existing lease contracts.

### Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Company has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Company has complied with in the current financial period, the application of this standard does not have any significant effect on the financial statements of the Company except for those as discussed below.

## Registration No. 201401048114 (1124303-W)

#### VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

# 2.2 Explanation of transition to MFRSs and change in accounting policy (continued)

## (a) Transition to MFRSs (continued)

# MFRS 16 (continued)

## (i) Classification and measurement

As a lessee, the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial period.

### (ii) Short-term lease and low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## (iii) Other adjustments

In addition to the adjustments described above, other items such as deferred taxes were adjusted to retained earnings as necessary.

# Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 2. BASIS OF PREPARATION (CONTINUED)

# 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Company has not adopted the following new MFRS, and amendments/ improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
	s/Improvements to MFRSs	
MFRS 1	First-time Adoption of MFRSs	1 January 2022\f
		1 January 2023#
MFRS 3	Business Combinations	1 January 2022/
		1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/
		1 January 2023
MFRS 5	Non-current Assets Held for Sale and	
	Discontinued Operation	1 January 2023*
MFRS 7	Financial Instruments: Disclosures	1 January 2021/
		1 January 2023*
MFRS 9	Financial Instruments	1 January 2021/
		1 January 2022^/
		1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/
		1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/
		1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting policies, Changes in Accounting	1 January 2023
	Estimates and Errors	
MFRS 116	Property, Plant and Equipment	1 January 2022/
		1 January 2023*
MFRS 119	Employee Benefits	1 January 2023*
MFRS 128	Investments in Associates and Joint Ventures	Deferred/
		1 January 2023*
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#

### Registration No. 201401048114 (1124303-W)

#### VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

The Company has not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective: (continued)

		financial periods beginning on or after
Amendments/	Improvements to MFRSs (continued)	
MFRS 137	Provisions, Contingent Liabilities and	
	contingent Assets	1 January 2022/
	-	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFR\$ 140	Investment Property	1 January 2023#
MFR\$ 141	Agriculture	1 January 2022^

<sup>^</sup> The Annual Improvements to MFRSs 2018-2020

2.3.1 The Company plans to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Company are summarised below.

### Annual Improvements to MFRSs 2018-2020

Annual Improvements to MFRSs 2018-2020 covers amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards simplifies
  the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its
  parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases deletes from Illustrative
  Example 13 the reimbursement relating to leasehold improvements in order to
  remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Effective for

<sup>\*</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

### Registration No. 201401048114 (1124303-W)

VAFE SYSTEM SDN. BHD.

(incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

#### Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases

The Interest Rate Benchmark Reform—Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

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VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

### Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

# Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

## Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

# Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.4 Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

#### 2.5 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial period presented in the financial statements of the Company.

#### 3.1 Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, the Company becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.1 Financial instruments (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## (a) Subsequent measurement

The Company categorises the financial instruments as follows:

### (i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- · Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Company reclassifies financial assets when and only when its business models for managing those assets change.

#### **Debt** instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

### Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.6(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

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#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
  - 3.1 Financial instruments (continued)
    - (a) Subsequent measurement (continued)

The Company categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)

**Debt instruments** (continued)

• Fair value through other comprehensive income (FVOCI) Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.6(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

## Fair value through profit or loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.1 Financial instruments (continued)

## (a) Subsequent measurement (continued)

The Company categorises the financial instruments as follows: (continued)

## (i) Financial assets (continued)

#### Equity instruments

The Company subsequently measure all equity investments at fair value. Upon initial recognition, the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

## (ii) Financial liabilities

The Company classifies its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- · Financial liabilities at amortised cost

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Financial Instruments (continued)

### (a) Subsequent measurement (continued)

The Company categorises the financial instruments as follows: (continued)

## (ii) Financial liabilities (continued)

# Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied, the Company has not designated any financial liability as at FVPL.

## Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

## (b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.1 Financial instruments (continued)

## (c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised as applicable, using trade date accounting (i.e. the date the Company commits itself to purchases or sells an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

#### (d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Financial instruments (continued)

### (d) Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

## (e) Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

### 3.2 Property, plant and equipment

## (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 Property, plant and equipment (continued)

# (a) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

## (b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

## (c) Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Operal myca
	(years)
Solar equipment	21
Right-of-use assets	22

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

## (d) Derecognition

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

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Leases

At inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- the contract involves the use of an identified asset:
- the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- · the Company have the right to direct the use of the asset.

## (a) Lessee accounting

At the lease commencement date, the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Company present right-of-use assets that do not meet the definition of property, plant and equipment in Note 5 and lease liabilities in Note 10.

### Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(b).

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.3 Leases (continued)

# (a) Lessee accounting (continued)

### **Lease liability**

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives:
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

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#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 3.3 Leases (continued)

#### (a) Lessee accounting (continued)

Lease liability (continued)

The Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### Short-term leases and leases of low value assets

The Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

## (b) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described in Note 3.3(a), then it classifies the sub-lease as an operating lease.

If an entity in the Company is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Contract assets

Contract asset is the right to consideration for goods and services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(a).

#### 3.5 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash and bank balances and deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

#### 3.6 Impairment of assets

## (a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Company measures loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Company applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Impairment of assets (continued)

## (a) Impairment of financial assets and contract assets (continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Company in full, without taking into account any credit enhancements held by the Company; or
- the contractual payment of the financial asset is more than 30 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one for more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Impairment of assets (continued)

### (a) Impairment of financial assets and contract assets (continued)

Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties: or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

#### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company makes an estimate of the assets' recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# 3.6 Impairment of assets (continued)

## (b) Impairment of non-financial assets (continued)

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit of groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Share capital

#### **Ordinary shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.8 Revenue and other income

The Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Company measure revenue at its transaction price, being the amount of consideration to which the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Company estimate it by using the adjusted market assessment approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

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#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Revenue and other income (continued)

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Company has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

#### Financing components

The Company has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

### (a) Sale of electricity generated from renewable energy equipment

Revenue from sale of electricity generated from renewable energy equipment is recognised over time as the customers simultaneously received and consumed the benefits provided by the Company's performance. The revenue recognised is the amount to which the Company has a right to invoice as it corresponds directly with the value to the customer of the Compay's performance that is completed to date. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end.

#### 3.9 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

#### (a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial period, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial period.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 3.9 Income tax (continued)

## (b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Company's financial statements within the next financial period are disclosed as follows:

#### (a) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.2, the Company reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Company's property, plant and equipment are disclosed in Note 5.

#### (b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

The Company uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rate depends on the number of days that a trade receivable is past due. The Company uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### (b) Impairment of financial assets and contract assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimate and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic over the expected lives of the financial assets and contract assets. The Company's historical credit loss experience and forecast of the economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Company's financial assets and contract assets are disclosed in Note 18(b).

#### (c) Measurement of income taxes

Significant judgement is required in determining the Company's estimation for current and deferred taxes. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expenses of the Company are disclosed in Note 17.

#### (d) Impairment of non-financial assets

The Company assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The Company uses fair value less cost to sell as the recoverable amount. Fair values are arrived at using comparison method and valuation technique method to suit the assets characteristic of the Company.

The carrying amounts of the non-financial assets are disclosed in Note 5.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 5. PROPERTY, PLANT AND EQUIPMENT

2021	Note	Solar equipment RM	Right-of- use asset RM	Total RM
Cost At 1 January 2020/ 31 March 2021		7,633,000	597,516	8,230,516
Accumulated depreciation At 1 January 2020 Depreciation charge for		1,090,428	110,484	1,200,912
the financial period	16	454,345	33,822	488, 167
At 31 March 2021	,	1,544,773	144,306	1,689,079
Carrying amount At 1 January 2020		6, <b>542,</b> 572	487,032	7,029,604
At 31 March 2021		6,088,227	453,210	6,541,437
	Note	Solar equipment RM	Right-of- use asset RM	Total RM
2019 (Restated) Cost	14016	NO	1300	140
At 1 January 2019/ 31 December 2019		7,633,000	597,516	8,230,516
Accumulated depreciation At 1 January 2019		726,952	83,427	810,379
Depreciation charge for the financial year	16	363,476	27,057	390,533
At 31 December 2019		1,090,428	110,484	1,200,912
Carrying amount At 1 January 2019		6,906,048	514,089	7,420,137
At 31 December 2019	'	6,542,572	487,032	7,029,604

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT

## (a) Right-of-use asset

The Company leases rooftop to place solar equipment. The lease for rooftop generally has a lease term of 22 years.

Information about the lease for which the Company is the lessee is presented below:

Rooftop RM
597,516
(110,484)
487,032
(33,822)
453,210

The Company has a lease that includes extension options. These options are negotiated by the Company to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

## 6. OTHER RECEIVABLES

		31.03.2021	31.12.2019 Restated	1.1.2019 Restated
	Note	RM	RM	RM
Non-trade				
Other receivables		1,570,066	113,120	112,144
Amount owing by related parties	(a)	-	1,070,066	1 <b>,1</b> 35, <b>5</b> 66
Deposits		-	262,866	346,129
Prepayments		13,776	21,845	26,7 <b>91</b>
Less: Impairment losses for other				
receivables	_	(260,074)	•	-
Total other receivables		1,323,768	1,467,897	1,620,630

#### (a) Amount owing by related parties

Amount owing by related parties are unsecured, non-trade in nature, non-interest bearing and repayable on demand.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 7. CONTRACT ASSETS

8.

	31.03.2021 RM	31.12.2019 Restated RM	1.1.2019 Restated RM
Contract assets relating to unbilled revenue recognised during the period/year	83,2 <del>5</del> 5	73,837	39,409
Total contract assets	83,255	73,837	39,409
(a) Significant changes in contract bal	lances		
	31.03.2021 Contract assets Increase/ (decrease)	31.12.2019 Contract assets Increase/ (decrease) Restated RM	1.1.2019 Contract assets Increase/ (decrease) Restated RM
Increase as a result of unbilled revenu recognised during the period/year	e 83,255	73,837	39,409
Transfer from contract assets recognised at the beginning of the period/year to receivables	(73,837)	(39,409)	(95,740)
CASH AND BANK BALANCES			
	31.03.2021 RM	31.12.2019 Restated RM	1.1.2019 Restated RM
Cash and bank balances	270,840	21,094	93,818

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 9. SHARE CAPITAL

	Number of ordinary shares		Amount -			
	31.03.2021 Unit	31.12.2019 Unit	1.1.2019 Unit	31.03.2021 RM	31.12.2019 RM	1.1.2019 RM
Issued and fully paid up: At 1 January/31 December/						
31 March	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company did not issue any new share or debentures during the period.

## 10. LOANS AND BORROWINGS

		31.03.2021	31.12.2019	1.1.2019
		RM	Restated RM	Restated RM
Non-current:				
Term loans	(a)	4,701,217	4,972,000	5,596,000
Lease liabilities	(b)	500,531	522,856	539,492
		5,201,748	5,494,856	6,135,492
Current:				
Term loans	(a)	552,341	624,000	624,00 <b>0</b>
Lease liabilities	(b)	18,000	16,636	15,619
		570,341	640,636	639,619
		5,772,089	6,135,492	6,775,111
Total loans and borrowings:				
Term loans	(a)	5,253,558	5,596,000	6,220,000
Lease liabilities	(b)	518,531	539,492	555,111
		5,772,089	6,135,492	6,775,111

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 10. LOANS AND BORROWINGS (CONTINUED)

#### (a) Term loans

Term loan 1 of the Company of RM Nil (31.12.2019; RM5,596,000 and 1.1.2019; RM6,220,000) bears interest at Nil % (31.12.2019; 15.81% and 1.1.2019; 15.81%) per annum and is repayable by monthly instalments of RM52,000 over twelve years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Debenture creating a first ranked fixed and floating charge over the Company's assets;
- (ii) Specific Debenture over the solar equipment;
- (iii) Memorandum of Deposit over Cash Deposit/Fixed Deposit of RM350,000;
- (iv) Assignment of all right of the Company and proceeds from the sales of electricity in respect of the Renewable Energy Power Purchase Agreement ("REPPA") between the Company and Tenaga Nasional Berhad ("TNB");
- (v) Assignment of all right of the Company under Project Award Agreement between the Company and Fabulous Sunview Sdn. Bhd. for Engineering, Procurement, Construction and Commissioning of a roof-top solar power plant project;
- (vi) Assignment of all right of the Company in respect of the Lease Agreement between the Company and F.Y. Food Processing Sdn. Bhd. in relation to Project Line 1 ("PL1") Project site:
- (vii) Letter of confirmation as approved by Credit Guarantee Corporation Berhad ("CGC") under the Green Technology Financing Scheme ("GTFS") ("Guarantee Amount");
- (viii) Memorandum of Deposit over Sinking Fund built up by way of accumulated of 5% retention from every proceed until expiry of PL1 Tenure; and
- (ix) Joint and several guarantee by directors of the Company.

Term loan 1 was settled on 30 June 2020.

Term loan 2 of the Company of RM5,253,558 (31.12.2019; RM Nil and 1.1.2019; RM Nil) bears interest at 5.99% per annum and is repayable by monthly instalments of RM66,583 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) A Facility Agreement to secure repayment of principal together with interest;
- (ii) Assignment over the right to the Lease Agreement between the Company and F.Y. Food Processing Sdn. Bhd. over a place of land where the solar power is constructed;
- (iii) Assignment over the right of the Company to the proceeds from the sales of electricity in respect of the REPPA between the Company and TNB;
- (iv) Debenture incorporating a fixed charge over the solar power plant;
- (v) Corporate Guarantee by Sendang Energy Sdn. Bhd.; and
- (vi) Joint and several guarantee by directors of the Company.

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 10. LOANS AND BORROWINGS (CONTINUED)

# (b) Lease liabilities

	31.03.2021	31.12.2019 Restated	1.1.2019 Restated
	RM	RM	RM
Minimum lease payments:			
Not later than one year	49,992	49,992	49,992
Later than one year but			
not later than five years	199,968	199,968	199,968
Later than five years	587,406	649,896	699,888
	837,366	899,856	949,848
Less: Future finance charges	<b>(318,83</b> 5)	(360, 364)	(394,736)
Present value of minumum	,		
lease payments	518,531	539,492	555,112
Present value of minimum lease payment payable:			
Not later than one year Later than one year but	18,000	16,636	15,620
not later than five years	84,496	78,094	73,324
Later than five years	416,035	444,762	466,168
	518,531	539,492	555,112
Less: Amount due			
within twelve months	(18,000)	(16,636)	(15,620)
Amount due after twelve months	500,531	522,856	539,492

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 11. DEFERRED TAX LIABILITIES

	At 1 January 2020 RM	Recognised in profit or loss (Note 17) RM	At 31 March 2021 RM
Deferred tax assets:			(A.) A.T.
Unused tax losses Unutilised capital allowances	(21,087) (401,345)	(164,517)	(21,087) (565,862)
	(422,432)	(164,517)	(586,949)
Deferred tax liability:			
Property, plant and equipment	777,478	116,880	894,338
	777,478	116,860	894,338
	355,046	(47,657)	307,389
	At 1 January 2019 Restated RM	Recognised in profit or loss (Note 17) Restated RM	At 31 December 2019 Restated RM
Deferred tax assets:			
Unused tax losses Unutilised capital allowances	(21,087) (295,583)	- (105,762)	(21,087) (401,345)
	(316,670)	(105,762)	(422,432)
Deferred tax liability: Property, plant and equipment	684,265	93,213	777,478
	684,265	93,213	777,478
	367,595	(12,549)	355,046

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. TRADE AND OTHER PAYABLES

		31.03.2021	31.12.2019 Restated	1.1.2019 Restated
		RM	RM	RM
Trade				
Trade payables				
- Third parties	(a)	130,482	108,859	43,000
- Holding company	(b)	25,867	-	-
		156,349	108,859	43,000
Non-trade				
Other payables		1,155,700	35,282	166
Amount owing to holding company	(b)	-	470,815	412,291
Amount owing to related parties	(b)	•	481,726	474,924
Accruals		31,000	34,500	57,981
		1,186,700	1,022,323	945,362
Total trade and other payables		1,343,049	1,131,182	988,362

## (a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 days terms.

## (b) Amount owing to holding company and related parties

Amount owing to holding company and related parties are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

For explanations on the Company's liquidity risk management processes, refer to Note 18(b)(ii).

## 13. REVENUE

	1.1.2020 to	1.1.2019 to
	31.3.2021	31.12.2019 Restated
Over time:	RM	RM
Sale of electricity generated from renewable		
energy equipment	1,192,259	1,012,715

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. OTHER INCOME

		1.1.2020 to 31.3.2021 RM	1.1.2019 to 31.12.2019 Restated RM
	Interest income Discount received	<b>34</b> ,386 1,724	-
		36,110	-
15.	FINANCE COSTS		
		1.1.2020 to 31.3.2021 RM	1.1.2019 to 31.12.2019 Restated RM
	Interest expense on: - Term loans - Lease liabilities	406,780 41,529 448,309	489,077 34,373 523,450

## 16. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at loss before tax:

		1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019 Restated
	Note	RM	RM
Auditors' remuneration			
- Current year		5,000	4,770
Impairment losses on other receivables	6	260,074	-
Depreciation of property, plant and equipment	5	488,167	390,533

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17. INCOME TAX CREDIT

The major components of income tax credit for the financial period/year ended 31 March 2021 and 31 December 2019 are as follows:

	1.1.2020 to 31.3.2021	1.1.2019 to 31.12.2019 Restated
	RM	RM
Statement of comprehensive income		
Current income tax: - Current income tax charge	8,253	
Deferred tax: (Note 11)		
- Origination of temporary differences	(47,657)	(12,549)
Income tax credit recognised in profit or loss	(39,404)	(12,549)

Domestic income tax is calculated at the Malaysia statutory income tax rate of 24% of the estimated assessable profit for the financial period.

The reconciliations from the tax amount at the statutory income tax rate to the Company's tax credit are as follows:

	1.1.2020 to 31.3.2021	1.1.2019 to 31.12,2019 Restated
	RM	RM
Loss before tax	(221,596)	(84,600)
Tax at Malaysian statutory loss tax rate of 24%	(53,183)	(20,304)
Adjustments: Non-deductible expenses	13,779	7,755
Income tax credit	(39,404)	(12,549)

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# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS

## (a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
At 31 March 2021		
Financial assets		
Other receivables, less prepayment	1,309,992	1,309,992
Cash and bank balances	270,840	270,840
	1,580,832	1,580,832
Financial liabilities		
Loans and borrowings	(5,772,089)	(5,772,089)
Trade and other payables	(1,343,049)	(1,343,049)
	(7,115,138)	(7,115,138)
At 31 December 2019		
Financial assets		
Other receivables, less prepayment	1,446,052	1,446,052
Cash and bank balances	21,094	21,094
	1,467,146	1,467,146
Financial liabilities		
Loans and borrowings	(6, 135, 492)	(6,135,492)
Trade and other payables	(1,131,182)	(1,131,182)
	(7,266,674)	(7,266,674)
At 1 January 2019 Financial assets		
Other receivables, less prepayment	1,593,839	1,593,839
Cash and bank balances	93,818	93,818
	1,687,657	1,687,657
Financial liabilities		
Loans and borrowings	(6,775,111)	(6,775,111)
Trade and other payables	(988,362)	(988, 362)
	(7,763,473)	(7,763,473)

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management

The Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Company's overall financial risk management objective is to optimise value for its shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Company's senior management.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Company has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

#### Trade receivables contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by their carrying amounts in the statement of financial position.

## Credit risk concentration profile

The Company has no significant concentration of credit risk from its receivables and contract assets. The Company minimises credit risk by requiring collateral and/or dealing with credit worthy counterparties.

The Company applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

## Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

# (i) Credit risk (continued)

## Trade receivables and contract assets (continued)

# Credit risk concentration profile (continued)

The Company determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Company's trade receivables and contract assets at the reporting date are as follows:

		ITrade receivables						
			1 to 30	31 to 60	61 to 90	91 to 120	>120	
	Contract		days	days	days	days	days	
	assets RM	Current RM	past due RM	Total RM				
31 March 2021								
Expected credit								
loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying								
amount at default	83,255	•		_	-	-	-	
Impairment losses		-	-	-		-		
31 December 2019								
Expected credit								
loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying								
amount at default	73,837			-	•	•		-
Impairment losses			-		-	-		•
1 January 2019								
Expected credit								
loss rate	0%	0%	0%	0%	0%	0%	0%	0%
Gross carrying					- "			
amount at default	39,409	-	•	-	-	-	_	
Impairment losses			-	-		•	-	-

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

#### (i) Credit risk (continued)

#### Other receivables and other financial assets

For other receivables and other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- · actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

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#### VAFE SYSTEM SDN. BHD.

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (continued)

## (i) Credit risk (continued)

## Other receivables and other financial assets (continued)

Intercompany loans between related entities are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.6(a) for the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Company recognised impairment losses of RM260,074 for other receivables. The Company did not recognise any loss allowance for impairment for other financial assets.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations when they fall due. The Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Company uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Company's treasury department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

## Registration No. 201401048114 (1124303-W)

### VAFE SYSTEM SDN. BHD.

(incorporated in Malaysia)

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

## (ii) Liquidity risk (continued)

#### Maturity analysis

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	4		Contractua	Contractual cash flows		
	Carrying amount RM	On demand or within one year RM	Between one and five years RM	More than five years RM	Total RM	
31 March 2021						
Trade and other						
payables	1,343,049	1,343,049	-	-	1,343,049	
Term loans	5,253,558	798,996	3,195,984	3,452,316	7,457,296	
Lease liabilities	518,531	49, <b>99</b> 2	199,968	587,406	837,366	
	7,115,138	2,192,037	3,395,952	4,049,722	9,637,711	
31 December 2019						
Other payables	1,131,182	1,131,182	-		1,131,182	
Term loans	5,596,000	624,000	2,496,000	2,476,000	5,596,000	
Lease liability	539,492	49,982	199,968	649,896	899,85 <b>6</b>	
	7,266,674	1,805,174	2,695,968	3,125,896	7,627,038	
1 January 2019						
Other payables	988,362	988,362	_	•	988,362	
Term loans	6,220,000	624,000	2,496,000	3,100,000	6,220,000	
Lease liability	<b>555,1</b> 11	49,992	199,968	699,888	949,848	
	7,763,473	1,662,354	2,695,968	3,799,888	8,158,210	

#### (iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Company's financial instruments as a result of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Company's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

#### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Company's total equity and profit for the financial period/year.

### Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 18. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (continued)

# (iii) Interest rate risk (continued)

	Carrying amount RM	Change in basis point	Effect on profit and equity for the financial period/year RM
31 March 2021			
Term loans	5,253,558	+ 50	(19,964)
		- 50	19,964
31 December 2019			
Term loans	5,596,000	+ 50	(21,265)
		- 50	21,265
1 January 2019			
Term loans	6,220,000	+ 50	(23,636)
		- 50	23,636

## (c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

	Fair value of financial instruments not carr  Carrying   fair value				
	amount RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 March 2021 Financial liabilities					
Term loans	4,701,217	*	~	9,099,707	9,099,707
31 December 2019 Financial liabilities					
Term loans	4,972,000	_		6,719,060	6,719,060
1 January 2019 Financial ilabilities					
Term loans	5,596,000	-		7,783,035	7,783,035

#### Registration No. 201401048114 (1124303-W)

### VAFE SYSTEM SDN. BHD.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 19. RELATED PARTY

### (a) Identification of related party

Parties are considered to be related if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party of the Company include the Company's former company.

#### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statement are as follows:

	1.1.2020 to 31.3.2021 RM	1.1.2019 to 31.12.2019 Restated RM
Management fee Former holding company	101,174	82,336

### 20. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial period ended.

The Company monitors capital using gearing ratio. The gearing ratio is calculated as total interests bearing debts divided by total equity. The debt to equity ratio at 31 March 2021, 31 December 2019 and 1 January 2019 are as follows:

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VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20. CAPITAL MANAGEMENT (CONTINUED)

		31.03.2021	31.12.2019 Restated	1.1.2019 Restated
	Note	RM	RM	RM
Loan and borrowings	10	5,772,089	6,135,492	6,775,111
Total equity		788,466	970,658	1,042,709
Net gearing ratio (times)		7.32	6.32	6.50

There were no changes in the Company's approach to capital management during the financial period under review.

The Company is not subject to externally imposed capital requirement.

#### 21. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) On 3 March 2021, Fabulous Sunview Sdn. Bhd. ("FSSB") acquired 1,800,000 unit of ordinary shares of RM1 each representing 100% equity interest in the Company for a total consideration of RM5,800,000. As a result, the Company became a subsidiary of FSSB.

### (b) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

The Company has performed assessments on the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effects on the financial statements for the financial period ended 31 March 2021.

Given the fluidity of the situation, the Company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimize the impact of the outbreaks on the Company's operations.

## Registration No. 201401048114 (1124303-W)

### VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 22. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

- (a) The financial statements for the Company have been prepared for a financial period of fifteen (15) months ended 31 March 2021. The comparative is for twelve (12) months ended 31 December 2019 with a transition date of 1 January 2019.
- (b) The prior year adjustments were in relation the following retrospective changes in accounting policies, adoption of new accounting standards and fundamental errors made in the prior financial years:
  - (i) Reclassification of accounts;
  - (ii) Overstatement or understatement of taxation or deferred tax liabilities; and
  - (iii) Adoption of MFRS 16.

As a result of the prior year adjustments, corresponding adjustments have been made to the statements of changes in equity and statements of cash flows.

	As previously reported RM	(i) RM	(II) RM	(iii) RM	As restated RM
At 31 December 2019					
Statement of financial position					
Property, plant and equipment	6,542,572	-	-	487,032	7,029,604
Other receivables	1,541,734	(73,837)	•	•	1,467,897
Contract assets	•	73,837	-	-	73,837
Accumulated losses	421,783	-	355,100	52,459	829,342
Loan and borrowings (non-current)	(4,972,000)	-	•	(522,856)	(5,494,856)
Trade and other payables	(1,131,183)	-	-	1	(1,131,182)
Loan and borrowings (current)	(624,000)	•	-	(16,636)	(640,636)
Current tax liabilities		-	(54)	-	(54)
Deferred tax liabilities		-	(355,046)	-	(355,046)

As previously				As
reported	(i)	(11)	(114)	restate d
RM	RM	RM	RM	RM
Income				
(133, 135)	(363,476)	•	22,935	(473,676)
(461,493)	363,476	-		(98,017)
(489,077)	•	-	(34,373)	(523,450)
	-	12,549	-	12,549
	previously reported RM income (133,135) (461,493) (489,077)	previously reported (i) RM RM  Income (133,135) (363,476) (461,493) 363,476 (489,077)	previously reported (i) (ii) (ii) RM RM RM  Income (133,135) (363,476) - (461,493) 363,476 - (489,077)	previously reported (i) (ii) (iii) (iii) RM RM RM RM RM  Income (133,135) (363,476) - 22,935 (461,493) 363,476 - (489,077) - (34,373)

## Registration No. 201401048114 (1124303-W)

## VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# 22. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE (CONTINUED)

(b) The prior year adjustments were in relation the following retrospective changes in accounting policies, adoption of new accounting standards and fundamental errors made in the prior financial years: (continued)

	As previously reported RM	(i) R <b>M</b>	(ii) RM	(iii) RM	As restated RM
At 1 January 2019					
Statement of financial position					
Property, plant and equipment	5,905,048	•	-	514,089	7,420,137
Other receivables	1,655,092	(34,462)	-	-	1,620,630
Contract assets	_	39,409	•	-	39,409
Accumulated losses	348,621	•	367,649	41,021	757,291
Loan and borrowings (non-current)	(5,591,054)	(4,947)	-	(539,491)	(6, 135, 492)
Loan and borrowings (current)	(624,000)		•	(15,619)	(639,619)
Current tax liabilities	(163)	•	(54)	•	(217)
Deferred tax liabities	-	-	(367,595)	-	(367,595)

## Registration No. 201401048114 (1124303-W)

VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

#### STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, CHIO CHOO! YUEN and LEE FONG YENG, being two of the directors of VAFE SYSTEM SDN. BHD., do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and cash flows for the financial period then ended.

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

CHIO CHOOI YUEN

Director

**LEE FONG YENG** 

Director

Kuala Lumpur

Date: 2 September 2021

Registration No. 201401048114 (1124303-W)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VAFE SYSTEM SDN. BHD.

(Incorporated in Malaysia)

#### STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, CHIO CHOOI YUEN, being the officer primarily responsible for the financial management of VAFE SYSTEM SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHIO CHOO! YUEN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 2 September 2021.

Before me.

Commissioner for Oaths

CHAMBERS TWENTY FIVE

NO 25, IALAN TUNGKU, BUKIT TUNKU

W 761 HADINUR MOHO SYARIF 02/03/2019-31/12/2021

50480 KUALA LUMPUR



Baker Tilly Monteiro Heng PLT 201906000600 (ILP0019411-LCA) Chartered Accountants (AF 0117) Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia

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Registration No. 201401048114 (1124303-W)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Vafe System Sdn. Bhd., which comprise the statement of financial position as at 31 March 2021 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 59.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **Basis for Opinion**

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

Independence and Other Ethical Responsibilities

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

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Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) (AF 0117) is a member of the Baker Tilly International network, the members of which are separate and independent legal entities.



## Registration No. 201401048114 (1124303-W)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

# APPENDIX E - AUDITED FINANCIAL STATEMENTS OF VAFE SYSTEM FOR THE 15-MONTH FPE 31 MARCH 2021 (CONT'D)



Registration No. 201401048114 (1124303-W)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

#### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

# APPENDIX E - AUDITED FINANCIAL STATEMENTS OF VAFE SYSTEM FOR THE 15-MONTH FPE 31 MARCH 2021 (CONT'D)



Registration No. 201401048114 (1124303-W)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VAFE SYSTEM SDN. BHD. (Incorporated in Malaysia)

#### Other Matters

- 1. As stated in Note 2 to the financial statements, Vafe System Sdn. Bhd. adopted the Malaysian Financial Reporting Standards on 1 January 2020 with a transition date of 1 January 2019. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2019 and 1 January 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2019 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial period ended 31 March 2021 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2020 do not contain misstatements that materially affect the financial position as at 31 March 2021 and the financial performance and cash flows for the financial period then ended.
- 2. The financial statements of the Company for the financial year ended 31 December 2019 were audited by another firm of chartered accountants whose report dated 3 June 2020 expressed an unmodified opinion on those financial statements.
- This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Barthman

Baker Tilly Monteiro Heng PLT 201906000600 (LLP0019411-LCA) & AF 0117 Chartered Accountants Paul Tan Hong No. 03459/11/2021 J Chartered Accountant

Kuala Lumpur

Date: 2 September 2021

#### APPENDIX F - VALUATION CERTIFICATES

# FAIR VALUATION CERTIFICATE ON THE ENTIRE EQUITY INTEREST OF SUNTECH ENERGY SDN BHD AND THE 49% EQUITY INTEREST IN SOLARCITY REIT SDN BHD



Fair valuation certificate for the entire equity interest in Suntech Energy Sdn Bhd (Co. No:201301028089 / 1057919-A) and its 49% associate company, Solarcity Reit Sdn Bhd (Co No: 201901033470 / 1342800-D)

Independent Fair Valuation Certificate ("Valuation Certificate") is prepared by Asia Equity Research Sdn Bhd ("AER"), a company licensed by Securities Commission Malaysia in providing advisory in Corporate Finance and Investment Advice, for the board of directors of Fabulous Sunview Sdn Bhd ("FSSB"). AER is not making any representation or warranty, expressed or implied, as to the contents of this report. No liability whatsoever is accepted by AER for the accuracy of any information or opinions contained in this report.

The directors of FSSB are responsible to make available to us all relevant financial information pertaining to this fair valuation exercise, including informing us of any material changes which may have an impact on our valuation.

This Valuation Certificate is an extract from our Report dated 5 April 2021 ("Report"). We have relied on information furnished to us by FSSB and Suntech Energy Sdn Bhd, external information which are extracted from S&P Global Market Intelligence, Bloomberg, information published in public domain and our own analysis in order for us to prepare this Report.

The preparation of the Valuation Certificate is based on prevailing economic, market and other conditions which may change over time.

We reserve the exclusive right, should we consider if necessary, to revise our Report in light of any information that existed at the date of the Report but which becomes known to us subsequent to the date of the Report.

#### 6 January 2022



#### **ASIA EQUITY RESEARCH SDN BHD**

(License Number: eCMSL/A0330/2015)

Licensed to provide advisory in corporate finance and investment advice.

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Website: <a href="mailto:www.aer.finance">www.aer.finance</a>

#### 6 January 2022

#### **FABULOUS SUNVIEW SDN BHD**

[Registration No. 201301006831 (1036671-H) ("FSSB" or "the Company")] Registered address:No. 77, 79 & 81, Jalan SS21/60,
Damansara Utama,
47400 Petaling Jaya, Selangor.

# ASCRIBING THE FAIR EQUITY VALUATION FOR THE ENTIRE EQUITY INTEREST IN SUNTECH ENERGY SDN BHD AND A 49% EQUITY INTEREST IN SOLARCITY REIT SDN BHD

On 5 April 2021, FSSB had engaged AER to perform an independent equity valuation to ascribe a fair value for the entire equity interest in Suntech Energy Sdn Bhd ("SESB"). SESB's principal activity is the owner of two solar power plants, each with an installed capacity of one (1) Megawatt operating at No. 2887 Jalan Rozhan of Jalan Alma Bukit Mertajam, Pulau Pinang and another at Lot 732, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Seremban, Negeri Sembilan with commencement date on 22 December 2016 and 13 February 2015, respectively. SESB owns a 49% equity interest in Solarcity REIT Sdn Bhd ("SRSB") that constructs roof top solar and sell the electricity produced to Lion Ipoh Parade Sdn Bhd, Kluang Chong Hwa Chinese School, Attic Holdings Sdn Bhd (i.e. that operates CITTA Mall), Zenxin Agriculture Sdn Bhd and Rhong Khen Timbers Sdn Bhd with a total capacity of 4.15 MWac, under the Net Energy Metering Approval ("NEM") program.

AER is licensed to provide advisory in Corporate Finance and Investment Advice by the Securities Commission of Malaysia. AER's primary scope is to perform an independent fair equity valuation exercise to ascribe the fair value for the entire equity interest in SESB and its 49% associate company, i.e. SRCB.

This valuation certificate is an extract from our Report dated 5 April 2021 ("Valuation Certificate"), that has been prepared by AER based on information as provided to us by FSSB as listed below:-

- (i) a copy of the audited financial statements of SESB for FYE 31 December 2018, FYE 31 December 2019 and the unaudited management accounts for FYE 31 March 2021.
- (ii) a signed copy of the letter of offer by Bank Islam to SESB for a total facility of RM 11.5 million.
- (iii) a copy of Feed-In Approval, Feed-in Approval Certificate, leasing agreement, renewable power purchase agreement, copy of insurance policy and copy of electricity generations historically for each of the solar site.
- (iv) a copy of power purchase agreements between SRSB and Lion Ipoh Parade Sdn Bhd, Kluang Chong Hwa Chinese School, Attic Holdings Sdn Bhd, Zenxin Agriculture Sdn Bhd and Rhong Khen Timbers Sdn Bhd.
- (v) a signed copy of the letter of offer by Alliance Islamic Bank to SRSB for a total facility of RM 5.8 million.
- (vi) Representation from SRSB with regards to the approximate bank balance and outstanding bank balance owing to Alliance Bank as at valuation date.

Although the information is obtained from sources considered as reliable by AER, we make no representation as to, and accepts no liability for any representations in relation to, the accuracy or completeness of the information contained in this Valuation Certificate.

AER and/or its directors and staff **do not** own any equity ownership in SESB's shares or involve in any advisory matters except being mandated to act as an Independent Valuer to ascribe the entire fair value of SESB and 49% of SRSB.

#### Fair value of the entire equity interest in SESB and 49% equity interest in SRSB

Based on the Free Cash Flow to Firm approach, the fair value of the entire equity interest in SESB and 49% equity interest in SRSB is **RM 15.70 million** evaluated based on a weighted average cost of capital rate of 7.00% and using the sum of parts approach applied on projected cash flows for the period 1 January 2021 until the expiry of the concession terms for the two solar farms of 1MW each at No. 2887 Jalan Rozhan of Jalan Alma Bukit Mertajam, Pulau Pinang and another at Lot 732, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Seremban, Negeri Sembilan, the aggregate of the fair value from the roof top solar operated by SESB's 49% associate company, i.e. SRSB and the projected contractual profits projected to be earned by SRSB by referring two Engineering, Procurement, Construction and Commissiong ("**EPCC**") work to FSSB.

Readers are advised to read the entire Valuation Certificate and specifically **Section 5** on the risk considerations that could affect the fair value of entire equity interest in SESB and 49% equity interest in SRSB. As this Valuation Certificate is an extract from a copy of our Valuation Report, readers are advised to refer to the Valuation Report for clarification. Please do not hesitate to contact the undersigned if you have any queries on the above matter.

Yours faithfully
ASIA EQUITY RESEARCH SDN BHD

ONG TEE CHIN, CFA, FRM, CAIA DIRECTOR

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#### **DEFINITIONS**

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

"CAPM"	Canital Asset Pricing Model			
CAFM	Capital Asset Pricing Model $r = r_1 + (R_m - r_l) \times \text{beta}$			
	1 - 11 + (R <sub>m</sub> - 11) x beta   Where:-			
	r is the cost of equity			
	rf is the annualised risk free rate			
	R <sub>m</sub> is the annualised expected market return			
"Commercial Operation Date"	Means the date on which the TNB confirms in writing that (a) the Solar Plant has achieved the feed-in tariff in accordance with the Renewable Energy (Technical and Operation Requirements) Rules 2011 and (b) the Solar Plant has been commissioned and is ready for commercial operation			
"Comparable Companies"	Selected companies listed on listing exchanges that are involved in renewable energy solar plant			
"FSSB"	Fabulous Sunview Sdn Bhd, [Registration No. 201301006831 (1036671-H)]			
"FCFF"				
POPP	Free Cash Flow to Firm represents free cash flow at the business enterprise level and is used to value the firm or indirectly, the firm's equity. FCFF determines the EV. The equity value is determined by deducting from the enterprise value the total borrowings followed by the addition of the cash and bank balance as at date of valuation			
"FYE"	Financial year ended 31 December			
"LAT"	Loss after tax			
"NEM"	Net Energy Metering			
** ***********************************	Troc Errorgy Wooding			
"PAT"	Profit after tax			
"P/E"	Price Earnings Ratio or Price Earnings Multiple			
£ p-7	Cost of equity			
	- Cost of Oquity			
"REPPA"	Renewable Energy Power Purchase Agreement.			
"Report"	Independent fair valuation report on appraising the fair value of the entire equity interest in SESB and 49% equity interest in SRSB, prepared by AER			
"RVA"	Relative Valuation Analysis			

"SESB"	Suntech Energy Sdn Bhd (Co. no: 1057919A)	
"SEDA"	Sustainable Energy Development Authority Malaysia.	
"Solar at Alma"	One Megawatt solar plant with an installed capacity of 1 Megawatt situated at No. 2887 Jalan Rozhan of Jalan Alma Bukit Mertajam, Pulau Pinang, with an actual commencement date of 22 December 2016, running for 21 years ending on 21 December 2037, with a FIT rate of RM 0.7980 per kWh	
"Solar at Nilai"	One Megawatt solar plant with an installed capacity of 1 Megawatt situated at Lot 732, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Seremban, Negeri Sembilan, with an actual commencement date of 13 February 2015, running for 21 years ending on 12 February 2036, with a FIT rate of RM 1.1688 per kWh	
"SRSB"	Solarcity Reit Sdn Bhd (Co No. 1342800-D)	
"TNB"		
IND	Tenaga Nasional Berhad (Co. no: 200866-W)	
"WACC"	Weighted Average Cost of Capital	

#### EXECUTIVE SUMMARY

ltem no	Explanation on key message	Section reference
1	Purpose and scope of work	Section 2.1
	We were engaged by FSSB as an independent valuer to ascribe the fair equity value for the entire equity interest in SESB and 49% equity interest in SRSB	
2	Results of valuation	Section 4
	AER has adopted the FCFF approach to ascribe the fair value of the entire equity interest in SESB and 49% equity interest in SRSB. Based on the FCFF approach, the fair value of the entire equity interest in SESB and 49% equity interest in SRSB is <b>RM 15.70 million</b>	and section 5.
	Sum of parts approach (a) applied on projected cash flows for the period 1 January 2021 until the expiry of the concession terms for the two solar farms of 1MW each at No. 2887 Jalan Rozhan of Jalan Alma Bukit Mertajam, Pulau Pinang and another at Lot 732, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Seremban, Negeri Sembilan with an aggregate fair value of RM 7.67 million	
	(b) share of projected profit net of tax earned by SRSB by referring EPCC work to FSSB discounted to present value based on the projected collections with an aggregate fair value of <b>RM 3.68 million</b>	
	(c) the aggregate of the fair value from the roof top solar operated by SESB's 49% associate company, i.e. SRSB based on the estimated residual value of <b>RM 4.35 million</b> .	
3	Explanation of the approach and justification / rationales of using FCFF approach.	Section 2.3
	FCFF method is the chosen, as it is the appropriate method to be used to value companies with an offtake agreement with a contractual predetermined future cash flow.	
	RVA approach is <b>not suitable</b> to value companies with an offtake agreement as the main driver of value for such companies are the projected cashflow streams rather than market driven multiples. Fair value arrived at using market driven multiples are affected by non-cash flow consideration such as fair value adjustments of which varying accounting treatments may skew the value ascribed.	

#### 1. Solar at Nilai

#### Details of the plant - at state of Negeri Sembilan

FiAH Application No:	S2014070003		
Introduction	SESB has obtained a Feed-In-Approval dated 4 July 2014 from the SEDA . A REPPA was executed between TNB and SESB on 23 October 2014.		
Location of installation	Lot 732 (PT 1659), Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Seremban Negeri Sembilan Darul Khusus.		
Installed capacity	1 megawatt peak		
Feed-in Tariff Rate	RM1.1688 per kWh.  The Feed-in Tariff rate includes bonus: S01, S02 and S03 comprising of additional rates awarded for installation in buildings or building structures, use as building materials and for use of locally manufactured or assembled PV modules.		
Concession period	21 years		
Concession pendu	21 years		
Commercial Operation Date	13 February 2015		
•			

#### 2. Solar at Alma

#### Details of the solar plant – at state of Penang

FiAH Application No:	S2016040016		
Introduction	SESB has obtained a Feed-In-Approval dated 12 May 2016 from the SEDA . A REPPA was executed between TNB and SESB on 26 July 2016.		
Location of installation	No 2887, Jalan Rozhan, of Jalan Alma, 14000 Bukit Mertajam Pulau Pinang.		
Installed capacity	1 megawatt peak		
Feed-in Tariff Rate	RM0.7980 per kWh.  The Feed-in Tariff rate includes bonus: S01,S03 comprising of additional rates awarded for installation in buildings or building structures and for use of locally manufactured or assembled PV modules.		
Concession period	21 years		
Commercial Operation Date	22 December 2016		
Land	The land for the solar site is leased from a landowner, i.e. Thye Huat Chan Sdn Bhd with a total area of approximately 2 acres. The monthly rental is RM 10,000 per month, with a rent adjustment of up to 5% of the rental amount prior to revision. The rent adjustment is in three phases with the first rent adjustment commenced on the 6th year, second rent adjustment commenced on the 11th year and the third rent adjustment commenced on 16th year. The initial term is for a period of 22 years with commencement date from 19 November 2015.		
Insurance cover	The existing insurance cover is from 28 May 2020 to 27 May 2021, for a total sum covered for RM 6.1 million, insured by Syarikat Takaful Malaysia Am Berhad for an annual premium of <b>RM 21,994</b> (rounded to nearest RM).		

#### Financing facility granted by Bank Islam

Lender	Bank Islam				
Borrower	Suntech Energy Sdn Bhd				
Terms of the facility	Facility 1 – Islamic Business Financing -1	Facility 2 – Islamic Business Financing -2			
Purpose of financing	Financing the <b>Solar at Nilai</b>	Financing the Solar at Alma			
Loan size in RM	5,400,000	6,100,000			
Redemption amount, RM	12,946,103	14,624,303			
Tenure of facility	168 months	168 months			
Repayment sum of each month, RM	44,647.96	50,435.66			
Bank Profit Rate (equivalent to the annual financing cost)	15% per annum	15% per annum			
Effective interest rate The bank profit rate of 15% per annum is the maximum ceiling interest rate and the actual interest rate charged by the bank is based on 3 months cost of funds plus 2%.	5.6% Current cost of fund of 3.6% plus 2%.	5.6% Current cost of fund of 3.6% plus 2%.			
Purpose	To redeem the financing facility granted by Malaysian Debt Ventures for the 1MW solar plant at Nilai 2, Negeri Sembilan.	To redeem the financing facility granted by Malaysian Debt Ventures for the 1MW solar plant at Bukit Mertajam, Pulau Pinang.			

Registration No. 202101019497 (1419797-M)

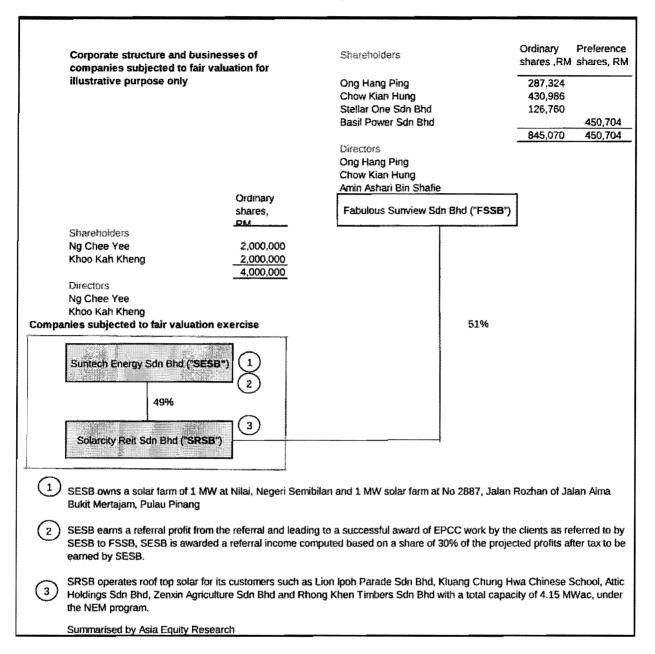
#### APPENDIX F - VALUATION CERTIFICATES (CONT'D)

#### 2. BACKGROUND

#### 2.1 INTRODUCTION AND TERMS OF REFERENCE

On **5** April **2021**, FSSB had engaged AER to perform an independent fair valuation exercise to ascribe the fair equity value for the entire equity interest in SESB and 49% equity interest in SRSB.

#### 2.2 INFORMATION ON SESB AND ITS 49% EQUITY INTEREST IN SRSB.



#### 2.3 APPROACH USED TO VALUE SESB

#### FCFF Approach.

#### 1. Solar at Alma and Solar at Nilai

We have adopted the FCFF method as it considered as an appropriate method to be used to value companies with an offtake agreement with a contractual predetermined future cash flow that generates a future projected cash inflows and cash outflows that could be determined with reasonable basis and assumptions, as it is backed by an offtake arrangement. In the present instance, the projected cash inflows is supported by an offtake for the energy produced and to be sold to TNB pursuant to a REPPA executed between SESB and TNB for Solar at Alma and Solar at Nilai. The value of SESB is derived from the projected net future cash flows from 1 January 2021 until the expiry of the concession for both Solar at Alma and Solar at Nilai computed from the projected annual cash inflow to be earned

from the sales of electricity to TNB and the associated projected rental of land, insurance and overheads to be incurred by SESB.

"FCFF is cash flow from operations minus capital expenditures. FCFF is the part of the cash flow generated by the company's operations that can be withdrawn by bondholders and stockholders without economically impairing the company. Conceptually, the value of common equity is the present value of expected future FCFF (the total value of the company—minus the market value of outstanding debt and addition of cash balance if any) 1"

Source for Note 1: Jerald E Pinto CFA, Elaine Henry CFA, Thomas R Robinson CFA, John D Stowe CFA. Equity Valuation page 239, Third Edition, Willey.

#### 2. NEM

The fair value of NEM is derived from the contractual agreement as executed between SRSB and the customers such as Lion Ipoh Parade Sdn Bhd, Kluang Chung Hwa Chinese School, Attic Holdings Sdn Bhd, Zenxin Agriculture Sdn Bhd and Rhong Khen Timbers Sdn Bhd with a total capacity of 4.15 MWac, under the **NEM** program.

#### Projected profit from referral of EPCC work to FSSB by SESB.

SESB had referred two EPCC work to FSSB. In return for the successful award of EPCC work by the clients as referred to by SESB to FSSB, SESB is awarded a referral income and the share of projected profits after tax to be earned by SESB of 30% is discounted to present value based on the expected delivery date to the measurement date, i.e. 5 April 2021...

We adopted the sum of parts method based on the source of fair values from three sources as detailed above.

RVA approach is **not suitable** to value companies with an offtake agreement as the main driver of value for such companies are principally from a cash flow profiles that could be supported by reasonable basis and assumptions, derived from a offtake agreement which is characterized by high capital cost during construction phase and with no operating cash inflows, followed by post construction phase with operating cash flow and a period of debt servicing and the last phase with operating cash flow and all outstanding debt has been completely repaid.

#### 2.4 Comparable Companies

Comparable Companies	Most recent audited financial year ending	Description
Cypark Resources Bhd ("Cypark")	31 October 2020	Cypark is listed on the main market of Bursa Securities since 2010. Cypark is a provider of integrated renewable energy, green technology, environmental engineering solutions and construction engineering.  The total capacity of renewable energy from solar project is estimated at 47.17 MWp in 2020 and the 100 MW (173MWp) solar project located at Merchang, Terengganu, which is 70% owned by Cypark, is projected to be completed by 31 December 2021.  Information gathered from public announcement The 100 MWa.c, project in Marang Terengganu ("Project"), was awarded to a consortium comprising of Cypark and Impian Bumiria Sdn Bhd. This Project has been awarded by Energy Commission ("EC") under the Large Scale Photovoltaic Plant on 23 December 2019.  Source: announced on 24 December 2019.
Mudajaya Group Bhd (" <b>Mudajaya</b> ")	31 December 2019	Mudajaya is involved in construction, property development, power, manufacturing and trading.  For the unaudited full year FYE 2020 (unaudited), the power sector (solar) generated a revenue for the year of RM 45.1 million and a PBT of RM 7.7 million. The entire group of Muda reported a total revenue of RM 384.4 million and a LBT of RM 41.1 million.  The power sector is contributed solar power from two locations:-  (i) 10MW solar power plant at Gebeng, Pahang was signed between TNB and Special Universal Sdn Bhd that is 60% owned by Mudajaya Energy Sdn Bhd which in turn is a wholly owned subsidiary of Mudajaya. The feed-in tariff rate was RM 0.9016/KWh for and RM 0.8925/KWh for each phase 1 and phase 2 respectively, each of which is 5MW.

# (ii) 49MW solar power plant at Sungai Siput, Perak and the PPA was signed between TNB and Sinar Kamiri Sdn Bhd (formerly known as MGB Enterprise Sdn Bhd) on 16 March 2017. Some recent developments of Mudajaya included as follows:(i) On 31 December 2020, Mudajaya's 76% indirectly owned subsidiary, i.e. Bera Hydropower Sdn Bhd, had been awarded as a successful bidder by SEDA for a 30MW hydro power plant, with a feed-in tariff rate of RM 0.29 per KwH for each with a contractual duration of 21 years.

Source: Annual reports, public websites of companies and Bloomberg

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#### APPENDIX F - VALUATION CERTIFICATES (CONT'D)

#### 2.5 PRICING MULTIPLES OF COMPARABLE COMPANIES

No	Comparable Companies / exposure in renewable energy in MW	Market capitalization, RM million as at 5 March 2021.	FYE for results that are tabulated	Revenue, RM million	PAT / (LAT) RM million	Net margin	ROE	Altman Z Score	P/E, times	WACC	Cost of equity
	Median									5.8%	13.4 %
	Average									5.8%	13.4 %
	Minimum									5.8 %	11.2 %
	Maximum									5.7 %	15.7 %
1	Cypark Resources Bhd <b>320MWp</b> – solar	720	FYE 31 October 2020	304.0	70.7	23.3%	8.3%	1.2	10.3	5.8%	11.2%
2	Mudajaya Group Bhd <b>59 MW</b> - solar	178	FYE 31 Dec 2020	348.4	(47.5)	-13.6%	-36.4%	0.2	~	5.7%	15.7%

Source:- Announcements and Bloomberg analysed by Asia Equity Research

#### 3. MAIN INPUT METRICS USED IN FCFF

The main input valuation metrics that are used in FCFF below are presented below in ascribing the fair value for SESB are as tabulated below:-

FCFF – On Solar Alma and Solar at Nilai

Item no	Input metrics	Source of input metrics and its basis	Input values used in FCFF
1	Cost of equity	For the purpose of our evaluation, we have applied a cost of equity of 13.86%	13.86 %
		The annual cost of equity rate is determined as follows:- (i) First, to determine the unlevered beta of the Comparable Companies in Malaysia, i.e., which translate to 0.382. (ii) Next, the unlevered beta is relevered to the capital structure of SESB as at 31 December 2020 with an equity and debt size of RM 4.7 million and RM 17.8 million, respectively. This translate to a levered beta of 1.478	
		(iii) Next, we apply the CAPM model to determine the required rate of return which translate to 13.86%, based on an annual expected equity market return of 10.438% and annual risk free rate of 3.288% as extracted from Bloomberg, measured on 5 March 2021.	
		CAPM Workings:- r = r <sub>f</sub> + (R <sub>m</sub> - r <sub>f</sub> ) x beta 13.86 = 3.288 + [(10.438 - 3.288) x 1.478	
2	WACC	The proportion of equity and debt of the total capital structure as at 31 December 2020 were 20.96% and 79.04% respectively. The cost of debt is assumed at 6.00%. Corporate tax is assumed at 24%. This shall translate to a WACC of 7.01%	7.00%

		Workings:-	
		7.01% = [20.96% x 13.86% + 79.04% x 6.00% x (1 - 0.24)] + 0.50% Note 1 Say 7.00	
		Note 1 To accommodate for fluctuations of market inputs, we have specifically provided for 0.50% due to movements in annual expected market returns and risk free rates.	
3	Period under evaluation. ("Evaluation Period").	The projected free cash flow period under evaluation commences from 1 January 2021 until the expiry of the offtake agreement from TNB for both Solar at Alma and Solar at Nilai.	
4	Terminal value	No terminal value is assumed for the concession business as the cash inflow / outflows streams shall cease when concession expires.	•

# OTHER KEY ASSUMPTIONS USED IN THE PROJECTED CASH FLOW OF BSSB FROM 2020 TO 2030

Key assumptions: -

ltem number	Captioned items	Solar at Alma	Solar at Nilai
1	FiT rate, RM per kWh	0.7980	1.1688
2	Average annual electricity generation in GwH per year	1.23 The assumed electricity generation in base year was assumed at lower than, based on the historical 3 years records of TNB billings. Hence no degradation is assumed in projection years.	1.27 The assumed electricity generation in base year was assumed at lower than, based on the historical 4 years records of TNB billings. Hence no degradation is assumed in projection years.
3	Annual lease in RM	120,000	90,000
4	Annual insurance premium, RM	21,994	19,472
5	Annual overheads, RM	Annual overheads of RM 60,000 and increase at an annual rate of 6% a year.	Annual overheads of RM 60,000 and increase at an annual rate of 6% a year.

Γ	6	Maintenance	A maintenance in the tenth year of	A maintenance in the tenth
			the solar plant estimated at RM	year of the solar plant
			250,000.	estimated at RM 300,000

#### 2. NEM

The residual values of NEM is derived from the contractual agreement as executed between SRSB and the customers such as Lion Ipoh Parade Sdn Bhd, Kluang Chung Hwa Chinese School, Attic Holdings Sdn Bhd, Zenxin Agriculture Sdn Bhd and Rhong Khen Timbers Sdn Bhd.

#### 3. Projected profit from referral of EPCC work to FSSB by SESB

SESB had referred two EPCC work to FSSB. In return for the successful award of EPCC work by the clients as referred to by SESB to FSSB, SESB is award a referral income and the share of projected profits after tax to be earned by SESB of 30% is discounted to present value based on the expected delivery date to the measurement date, i.e. 5 April 2021.

# 4. FAIR EQUITY VALUE FOR ENTIRE EQUITY INTEREST IN SESB AND 49% EQUITY INTEREST IN SRSB

Based on the FCFF approach, the fair value of the entire equity interest SESB and its 49% associate company, i.e. SRSB is **RM 15.70 million** evaluated based on an WACC of 7.00 % applied on projected cash flows from 1 January 2021 to end of concession life, on a going concern basis.

Item	Description	Fair value, RM million
number		
1	FCFF using a WACC of 7% applied on projected cash flows for the period 1 January 2021 until the expiry of the concession terms for the two solar farms of 1MW each at No. 2887 Jalan Rozhan of Jalan Alma Bukit Mertajam, Pulau Pinang and another at Lot 732, Jalan Zamrud 1, Kawasan Perindustrian Nilai 2, 71800 Seremban, Negeri Sembilan.	7.67
2	the aggregate of the fair value from the roof top solar operated by SESB's 49% associate company, i.e. SRSB based on the estimated residual value of RM 4.35 million.	4.35
3	Share of projected profit net of tax earned by SRSB by referring EPCC work to FSSB discounted to present value.	3.68
	Total	15.70

#### RISK CONSIDERATION IN FAIR VALUATION ASCRIBED

The fair valuation ascribed for SESB, could be affected by a number of major risk factors including as follows under the following broad categories amongst others: -

- (i) The fair value ascribed for the 49% equity interest in SRSB

  The fair value ascribed for the 49% equity interest in SRSB is derived from the residual value of the roof top contracts executed between SRSB and its clients. The NEM contract is signed with various companies such as Lion Ipoh Parade Sdn Bhd, Kluang Chung Hwa Chinese School, Attic Holdings Sdn Bhd, Zenxin Agriculture Sdn Bhd and Rhong Khen Timbers Sdn Bhd. As the parties are body corporates there is credit risk that affects the timing of the collection of collection of the projected cash inflow. In situations of delay or default in collection, this shall represent a discount to the fair valuation ascribed by us.
- (ii) The fair value of SESB derived from the projected profit after tax to be earned by SESB.

The fair value derived from the projected profit net of tax earned by SESB by referring EPCC work to FSSB is discounted to present value. The projected profit net of tax is derived from two clients that was referred to FSSB by SESB. One of the clients ("Client 1"), had executed an EPCC contract with FSSB while the other client ("Client 2") has not executed an EPCC contract with FSSB, though a term sheet has been signed between FSSB and Client 2. The aggregated fair value ascribed from Client 1 and Client 2 are RM 3.68 million. Even though, Client 2 has executed a term sheet with FSSB, there is a business risk that FSSB do not eventually execute an EPCC contract and this shall represent a discount to the fair value appraised by us.

In the event that the actual profit net of tax is lesser than the projected profit after tax, it shall represent a discount to the fair valuation appraised by us.

Lastly, any delay in the construction of the solar farm by FSSB for either Client 1 or Client 2 as compared to the scheduled delivery dates, shall represent a deferral of timing of the projected cash inflow to be earned by SESB and it shall represent a discount to the fair valuation as appraised by us.

- (iii) As at 31 March 2021, total consolidated loans and borrowings SRSB stood at approximately RM 14.7 million. The loans and borrowings are subjected to risk of changes in interest rate risk. Any future increase in interest rate shall represent a discount to the fair value as appraised by us. Conversely, any reduction in future interest rate shall represent a premium to the fair value as appraised by us.
- (iv) Any unforeseen factors that resulted in the non-satisfactory maintenance of the solar plant that may lead to interruption of the operation of the solar plant and has an effect of reducing the fair value ascribed by us.
- (v) Some of the solar plant has not been completely constructed and it is exposed to construction risk, specifically the NEM of SRSB. Any event which lead to the construction of a plant that does not meet fully the specification represents a discount to the fair value ascribed by us.

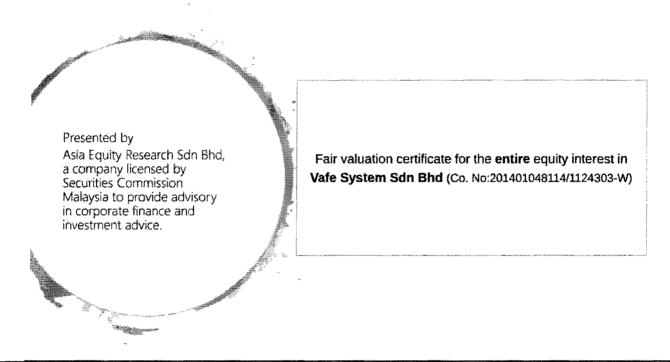
- (vi) Any unforeseen cost overrun that resulted in SESB incurred actual operational cost exceeding its projected cost.
- (vii) Global and regional economic activity which is dependent on a number of factors such as **political and macro-economic factors** beyond the control of companies subjected to fair valuation exercise. Significant global events that affect the regional and global growth may translate to lesser business volumes and accordingly shall negatively affect the fair valuation. During such period, valuation metrics may also change as investors tend to become risk adverse in most asset classes of investments and hence requiring higher required rate of return in appraising its valuation during periods of uncertainties which translate to a lower fair value range.
- (viii) Changes in investor's risk appetite in the equity capital markets may contribute either positively or negatively to the Companies subjected to fair valuation exercise. In circumstances that lead to risk aversion shall result in lesser weightings allocated to equity capital markets and hence causing the equity price to be lower than the fair value as ascribed. Conversely, in circumstances that lead to increasing risk appetite shall result in increased weights allocated to equity capital markets and hence causing the equity price to be higher than its fair value as ascribed.

# **APPENDIX 1** – Summary of workings results of the fair valuation for the entire equity interest in SESB and 49% equity interest in SRSB

WACC rate = 7.0%				L		
Suntech Energy Sdn 8hd	Rate, RM/kWh	Date concession ends	Annual revenue reported, RM million	Enterprise value, RM million		
1 MW Solar power plant at Bukit Mertajam, Pulau Pinang	0.7980	21-Dec-2037	0.980	7.56		
1 MW Solar power plant at Kawasan Perindustrian Nilai 2, NS	1.1688	12 February 2036	1,481	10.95		
Amount owing to the Bank Amount owing to directors and other creditors Cash and cash equivalent Trade receivable				18.51 (11.96) (3.93) 1.25 3.80		7.67
Share of projected profit earned by Suntech Energy Son Bhd In	om referring two	clients to FSSB				
				Total estimated profit, RM million		
Total estimated profit after tex from subcontracting work for pro-	ojects under the L	SS 4 program		14.10		
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax before discounting	Bhd based on St	ESB's, 30% share of	30%		4.23	
proposed provide man and policine disposement		Į.				
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%	Bhd based on Si	ESB's, 30% share of				3.68
Total estimated profit after tax earned by Suntech Energy Son			us a 49% equity			3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS			ss a 49% equity	1.53		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.			us a 49% equity	1.53		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac			ıs a 49% equity			3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac  (ii) Ipoh Parade - Phase 1 of 0.333 MWac			as a 49% equity	1.20		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac (II) Ipoh Parade - Phase 1 of 0.333 MWac (III) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (IV) Attic Holdings Sdn Bhd - 350KWH (at Citta Mail)	Sdn Bhd, of whic		as a 49% equity	1.20 0.82		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac (ii) Ipoh Parade - Phase 1 of 0.333 MWac (iii) Khuang Chung Hwa Chinese School - 1 x 0.183 MWac Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (iv) Attic Holdings Sdn Bhd - 350KWH (at Catta Mail) (v) Zenxin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki	Sdn Bhd, of whic		us a 49% equity	1.20 0.82 0.82 0.92		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (i) Ipoh Parade - Phase 1 of 0.420 MWac  (ii) Ipoh Parade - Phase 1 of 0.333 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iv) Attic Holdings Sdn Bhd - 350KWH (at Citta Mail)  (v) Zenxin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki  (a) Agreement dated 6 July 2020 - 213.84KWp	Sdn Bhd, of whic		as a 49% equity	1.20 0.82 0.82 0.92 0.70		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac  (iii) Ipoh Parade - Phase 1 of 0.333 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iv) Attic Holdings Sdn Bhd - 350KWH (at Citta Mail)  (v) Zenvin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki  (a) Agreement dated 6 July 2020 - 213.84KWp  (b) Agreement dated 6 July 2020 - 530.64 KWp	Sdn Bhd, of whic		us a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75		3.68
Total estimated profit after tax earned by Suntech Energy Scin projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (i) Ipoh Parade - Phase 1 of 0.420 MWac  (iii) Ipoh Parade - Phase 1 of 0.333 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iv) Attic Holdings Scin Bhd - 350KWH (at Citta Mail)  (v) Zerwin Agriculture Scin Bhd 1,275.12 KWh, at Mengkiboi, Ki  (a) Agreement dated 6 July 2020 - 530.64 KWp  (c) Agreement dated 6 July 2020 - 530.64 KWp	Sdn Bhd, of whic		us a 49% equity	1.20 0.82 0.82 0.92 0.70		3.68
Total estimated profit after tax earned by Suntech Energy Scin projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac (II) Ipoh Parade - Phase 1 of 0.333 MWac (III) Ipoh Parade - Phase 1 of 0.333 MWac (III) Ipoh Parade - Phase 1 of 0.333 MWac (III) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (III) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (IV) Attic Holdings Sdn Bhd - 350KWH (at Citta Mail) (V) Zenvin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki (a) Agreement dated 6 July 2020 - 530.64 KWp (c) Agreement dated 6 July 2020 - 530.64 KWp (vi) Rhong Khen Timbers Sdn Bhd	Sdn Bhd, of whic		as a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75		3.68
Total estimated profit after tax earned by Suntech Energy Scin projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac (ii) Ipoh Parade - Phase 1 of 0.333 MWac (iii) Khang Chung Hwa Chinese School - 1 x 0.183 MWac (iii) Khang Chung Hwa Chinese School - 1 x 0.183 MWac (iv) Attic Holdings Sch Bhd - 350KWH (at Catta Maii) (v) Zenzin Agriculture Sch Bhd 1,275.12 KWh, at Mengkiboi, Ki (a) Agreement dated 6 July 2020 - 213.84KWp (b) Agreement dated 6 July 2020 - 530.64 KWp (c) Agreement dated 6 July 2020 - 530.64 KWp (vi) Rhong Khen Timbers Sch Bhd (a) Agreement dated 3 June 2021 - 25.44 KWp	Sdn Bhd, of whic		as a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac  (iii) Ipoh Parade - Phase 1 of 0.333 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iv) Attic Holdings Sdn Bhd - 350KWH (at Catta Mail)  (v) Zenvin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki  (a) Agreement dated 6 July 2020 - 213.84KWp  (b) Agreement dated 6 July 2020 - 530.64 KWp  (vi) Rhong Khen Timbers Sdn Bhd  (a) Agreement dated 3 June 2021 - 25.44 KWp  (b) Agreement dated 3 June 2021 - 25.44 KWp  (b) Agreement dated 3 June 2021 - 76 KWp	Sdn Bhd, of whic		as a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75		3.68
Total estimated profit after tax earned by Suntech Energy Scin projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac (ii) Ipoh Parade - Phase 1 of 0.333 MWac (iii) Khang Chung Hwa Chinese School - 1 x 0.183 MWac (iii) Khang Chung Hwa Chinese School - 1 x 0.183 MWac (iv) Attic Holdings Sch Bhd - 350KWH (at Catta Maii) (v) Zenzin Agriculture Sch Bhd 1,275.12 KWh, at Mengkiboi, Ki (a) Agreement dated 6 July 2020 - 213.84KWp (b) Agreement dated 6 July 2020 - 530.64 KWp (c) Agreement dated 6 July 2020 - 530.64 KWp (vi) Rhong Khen Timbers Sch Bhd (a) Agreement dated 3 June 2021 - 25.44 KWp	Sdn Bhd, of whic		as a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (i) Ipoh Parade - Phase 1 of 0.420 MWac (iii) Ipoh Parade - Phase 1 of 0.333 MWac (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Hwa Chinese School - 2 x 0.183 MWac (kluang Chung Hwa Chinese School - 1 x 0.183 MWac (kluang Chung Chung Chinese School - 1 x 0.183 MWac (a) Agreement dated 6 July 2020 - 530.64 KWp (b) Agreement dated 3 June 2021 - 25.44 KWp (c) Agreement dated 3 June 2021 - 481 KWp (c) Agreement dated 3 June 2021 - 481 KWp	Sdn Bhd, of whic		us a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75 0.07 0.22 1.39		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac  (ii) Ipoh Parade - Phase 1 of 0.333 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iv) Attic Holdings Sdn Bhd - 350KWH (at Catta Mail)  (v) Zenvin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki  (a) Agreement dated 6 July 2020 - 213.84KWp  (b) Agreement dated 6 July 2020 - 530.64 KWp  (vi) Rhong Khen Timbers Sdn Bhd  (a) Agreement dated 3 June 2021 - 25.44 KWp  (b) Agreement dated 3 June 2021 - 76 KWp  (c) Agreement dated 3 June 2021 - 81 KWp  (d) Agreement dated 3 June 2021 - 520 KWp	Sdn Bhd, of which which wang. Johor representation by	th Suntech Energy Bhd he	us a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75 0.07 0.22 1.39 1.51 (5.80)		3.68
Total estimated profit after tax earned by Suntech Energy Scin projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac (ii) Ipoh Parade - Phase 1 of 0.333 MWac (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac (iv) Attic Holdings Scin Bhd - 350KWH (at Citta Mail) (v) Zenxin Agriculture Scin Bhd 1,275.12 KWh, at Mengkiboi, Ki (a) Agreement dated 6 July 2020 - 530.64 KWp (b) Agreement dated 6 July 2020 - 530.64 KWp (vi) Rhong Khen Timbers Scin Bhd (a) Agreement dated 3 June 2021 - 25.44 KWp (b) Agreement dated 3 June 2021 - 25.44 KWp (c) Agreement dated 3 June 2021 - 481 KWp (d) Agreement dated 3 June 2021 - 481 KWp (d) Agreement dated 3 June 2021 - 520 KWp	Sdn Bhd, of which which wang. Johor representation by	ch Suntech Energy Bhd he	us a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75 0.07 0.22 1.39 1.51 (5.80) 1.99		3.68
Total estimated profit after tax earned by Suntech Energy Sdn projected profit after tax after discounting at 7%  Residual value of NEM's contacts awarded to Solarcity REITS interest.  (I) Ipoh Parade - Phase 1 of 0.420 MWac  (ii) Ipoh Parade - Phase 1 of 0.333 MWac  (iii) Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  Kluang Chung Hwa Chinese School - 1 x 0.183 MWac  (iv) Attic Holdings Sdn Bhd - 350KWH (at Catta Mail)  (v) Zenvin Agriculture Sdn Bhd 1,275.12 KWh, at Mengkiboi, Ki  (a) Agreement dated 6 July 2020 - 213.84KWp  (b) Agreement dated 6 July 2020 - 530.64 KWp  (vi) Rhong Khen Timbers Sdn Bhd  (a) Agreement dated 3 June 2021 - 25.44 KWp  (b) Agreement dated 3 June 2021 - 76 KWp  (c) Agreement dated 3 June 2021 - 81 KWp  (d) Agreement dated 3 June 2021 - 520 KWp	Sdn Bhd, of which which wang. Johor representation by	ch Suntech Energy Bhd he	as a 49% equity	1.20 0.82 0.82 0.92 0.70 1.75 1.75 0.07 0.22 1.39 1.51 (5.80)		3.68

**END** 

# FAIR VALUATION CERTIFICATE ON THE ENTIRE EQUITY INTEREST OF VAFE SYSTEM SDN BHD



Independent Fair Valuation Certificate ("Valuation Certificate") is prepared by Asia Equity Research Sdn Bhd ("AER"), a company licensed by Securities Commission Malaysia in providing advisory in Corporate Finance and Investment Advice, for the board of directors of Fabulous Sunview Sdn Bhd ("FSSB"). AER is not making any representation or warranty, expressed or implied, as to the contents of this report. No liability whatsoever is accepted by AER for the accuracy of any information or opinions contained in this Report.

The directors of FSSB are responsible to make available to us all relevant financial information pertaining to this fair valuation exercise, including informing us of any material changes which may have an impact on our valuation.

We have relied on information furnished to us by FSSB and Vafe System Sdn Bhd, external information which are extracted from S&P Global Market Intelligence, Bloomberg, information published in public domain and our own analysis in order for us to prepare this Report.

The preparation of the Valuation Certificate is based on prevailing economic, market and other conditions which may change over time.

We reserve the exclusive right, should we consider if necessary, to revise our Report in light of any information that existed at the date of the Report but which becomes known to us subsequent to the date of the Report.

#### 6 January 2022



#### **ASIA EQUITY RESEARCH SDN BHD**

(License Number: eCMSL/A0330/2015)

Licensed to provide advisory in corporate finance and investment advice.

Registered Address:-66-2 Jalan PJU 8/5B. Damansara Perdana, 48820 Pedaling Jaya Email:contact@aer.finance Website: www.aer.finance

#### 6 January 2022

#### **FABULOUS SUNVIEW SDN BHD**

[Registration No. 201301006831 (1036671-H) ("FSSB" or "the Company")] Registered address:-No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor

### ASCRIBING THE FAIR EQUITY VALUATION FOR THE ENTIRE EQUITY INTEREST IN VAFE SYSTEM SDN BHD

On 5 April 2021, FSSB had engaged AER to perform an independent equity valuation to ascribe a fair value for the entire equity interest in Vafe System Sdn Bhd ("Vafe"). Vale's principal activity is the owner of **one** solar power plant with an installed capacity of one (1) Megawatt operating at Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan with an installed capacity and net export capacity of 1 MW, with a feed in tariff rate of RM 0.7980 per kWh with a commencement date from 29 December 2016 with an effective period of 21 years.

AER is licensed to provide advisory in Corporate Finance and Investment Advice by the Securities Commission of Malaysia. AER's primary scope is to perform an independent fair equity valuation exercise to ascribe the fair value for the entire equity interest in Vafe.

This valuation certificate is an extract from our Report dated 5 April 2021 ("Valuation Certificate"), that has been prepared by AER based on information as provided to us by FSSB as listed below:-

- (i) a copy of a management accounts of Vafe for FYE 31 March 2021.
- (ii) a signed copy of the letter of offer dated 11 September 2019 granted by Hong Leong Bank to Vafe for a total facility of RM 6 million.
- (iii) a copy of Feed-In Approval, Feed-in Approval Certificate, and a copy of renewable power purchase agreement.

Although the information is obtained from sources considered as reliable by AER, we make no representation as to, and accepts no liability for any representations in relation to, the accuracy or completeness of the information contained in this Valuation Report.

AER and/or its directors and staff **do not** own any equity ownership in FSSB's or Vafe's shares or involve in any advisory matters except being mandated to act as an Independent Valuer to ascribe the entire fair value of Vafe.

#### Fair value of the entire equity interest in Vafe

Based on the Free Cash Flow to Firm approach, the fair value of the entire equity interest in Vafe evaluated based on a weighted average cost of capital rate of 7.00% and using the sum of parts approach applied on projected cash flows for the period 1 January 2021 until the expiry of the concession terms for the solar farm of 1MW at Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan and the share of referral profit earned by Vafe for referring a customer, i.e. GV Bumi (Sandakan) Sdn Bhd ("GV Bumi") to FSSB leading to the successful award of an Engineering Procurement and Construction Contract ("EPCC") to FSSB, is RM 6.57 million

#### **Summary**

1	Fair value for the entire equity interest in		ı
	Vafe based on a Weighted Average Cost of Capital ("WACC") of 7% based on the projected cash inflow and cash outflow of the 1MW solar farm at Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan.	3,63	
2	Share of the net present value of the projected profit after tax earned by Vafe for referring a customer to FSSB.  Workings:- Total projected profit net of tax is projected at RM 11.4 million.  Share of profit entitlement of Vafe based on a 30% allocation equivalent to RM 3.4 million.  (3.42 = 11.4 x 30%)  As the period interval between the expected completion date (i.e. 30 June 2023) and measurement date on 5 April 2021 is 2.2 years, the discount factor applied based on a WACC of 7% is 0.8956. Hence, the net present value of the projected profit after tax from the referral is RM 2.94 million (2.94 = 0.8956 x 3.42)	2.94	
-		6.57	Appendix 1

Readers are advised to read the entire Valuation Report and specifically **Section 5** on the risk considerations that could affect the fair value of interest. Please do not hesitate to contact the undersigned if you have any queries on the above matter.

Yours faithfully ASIA EQUITY RESEARCH SDN BHD

ONG TEE CHIN, CFA, FRM, CAIA

**DIRECTOR** 

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#### **DEFINITIONS**

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

(COADBASS	Carried Asset Drisian Madel
"CAPM"	Capital Asset Pricing Model
	$r = r_t + (R_m - r_t) \times beta$
	Where:-
	r is the cost of equity
	rf is the annualised risk free rate
	R <sub>m</sub> is the annualised expected market return
"Comparable Companies"	Selected companies listed on listing exchanges that are involved in renewable energy solar plant.
MATERIAL CONTROL OF THE STATE O	irrenovable citergy sold plant.
"FSSB"	Fabulous Sunview Sdn Bhd, [Registration No. 201301006831 (1036671-H)]
"FCFF"	Free Cash Flow to Firm represents free cash flow at the business enterprise level and is used to value the firm or indirectly, the firm's equity. FCFF determines the EV. The equity value is determined by deducting from the enterprise value the total borrowings followed by the addition of the cash and bank balance as at date of valuation.
"FYE"	Financial year ended 31 March
FIE	Fillancial year ended 31 March
"LAT"	Loss after tax.
LAI	LUSS dilei lax.
"PAT"	Profit after tax.
"P/E"	Price Earnings Ratio or Price Earnings Multiple.
't'	Cost of equity
"REPPA"	Renewable Energy Power Purchase Agreement.
"Report"	Independent fair valuation report on appraising the fair value of the entire equity interest in Vafe prepared by AER.
(ID) IA S	Deletine Valuation Analysis
"RVA"	Relative Valuation Analysis
MOPRATI	On this black and the state of
"SEDA"	Sustainable Energy Development Authority Malaysia.
"Solar at Kinta"	One Megawatt solar plant with an installed capacity of 1 Megawatt situated at Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan with an actual commencement date of 29 December 2016, running for 21 years ending on 28 December 2037, with a FIT rate of RM 0.7980 per kWh.
"TNB"	Tenaga Nasional Berhad (Registration No: 200866-W)

Registration No. 202101019497 (1419797-M)

#### APPENDIX F - VALUATION CERTIFICATES (CONT'D)

"Vafe"		System 303-W)]	Sdn	Bhd,	[Registration	No.	201401048114
			·/····				
"WACC"	Weighted Average Cost of Capital						

#### 1. EXECUTIVE SUMMARY

Item no	Explanation on key message	Section reference
1	Purpose and scope of work  We were engaged by Vafe as an independent valuer to ascribe the fair equity value for the entire equity interest in Vafe.	Section 2.1
2	Results of valuation  Based on the FCFF approach, the fair value of the entire equity interest in Vafe is RM 6.57 million  Sum of parts approach (a) applied on projected cash flows for the period 1 January 2021 until the expiry of the concession terms for the 1 MW solar farm located at Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan with a fair value of RM 3.63 million  (b) share of projected profit net of tax earned by Vafe by referring EPCC work to FSSB discounted to present value based on the projected collections with an aggregate fair value of RM 2.94 million	Section 4 and section 5.
3	Explanation of the approach and justification / rationales of using FCFF approach.  FCFF method is the chosen, as it is the appropriate method to be used to value companies with an offtake agreement with a contractual predetermined future cash flow.  RVA approach is not suitable to value companies with an offtake agreement as the main driver of value for such companies are the projected cashflow streams rather than market driven multiples. Fair value arrived at using market driven multiples are affected by non-cash flow consideration such as fair value adjustments of which varying accounting treatments may skew the value ascribed.	Section 2.2

#### 1. Solar at Kinta

#### Details of the solar plant – at state of Perak

FiAH Application No:	S2016050036
Introduction	Vafe has obtained a Feed-In-Approval dated 10 May 2016 from the SEDA. A REPPA was executed between TNB and Vafe on 26 July 2016.
Location of installation	Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan
Installed capacity	1 megawatt peak
Feed-in Tariff Rate	RM 0.7980 per kWh.  The Feed-in Tariff rate includes bonus: S01, S02 and S03 comprising of additional rates awarded for installation in buildings or building structures, use as building materials and for use of locally manufactured or assembled PV modules.
Concession period	21 years
Commencement date	29 December 2016
Land	The land for the solar site is leased from a landowner with an annual rental of RM 50,000.
Insurance cover	The annual insurance premium is projected at RM 26,351.

#### Financing facility granted by Hong Leong Bank

Lender	Hong Leong Bank
Borrower	Vafe
Terms of the facility	Fixed term loan
Purpose of financing	Financing the Solar at Kinta
Loan size in RM	6,000,000
Redemption amount, RM	14,624,303
Tenure of facility	120 months
Repayment sum of each month, RM	66,583
Bank interest rate	5.99% per annum Interest rate is charged by Hong Leong Bank based on a BLR – 0.90%

#### 2. BACKGROUND

#### 2.1 INTRODUCTION AND TERMS OF REFERENCE

On **5 April 2021**, FSSB had engaged AER to perform an independent fair valuation exercise to ascribe the fair equity value for the entire equity interest in Vafe.

#### 2.2 APPROACH USED TO VALUE VAFE

#### FCFF Approach.

#### 1. Solar at Kinta

We have adopted the **FCFF method** as it considered as an **appropriate method** to be used to value companies with an offtake agreement with a contractual predetermined future cash flow that generates a future projected cash inflows and cash outflows that could be determined with reasonable basis and assumptions, as it is backed by an offtake arrangement. In the present instance, the projected cash inflows is supported by an offtake for the energy produced and to be sold to TNB pursuant to a REPPA executed between Vafe and TNB for Solar at Kinta. The value of Vafe is derived from the remaining projected net future cash flows from 1 January 2021 until the expiry of the concession for Solar at Kinta computed from the projected annual cash inflow to be earned from the sales of electricity to TNB and the associated projected rental of land, insurance and overheads to be incurred by VAFE.

"FCFF is cash flow from operations minus capital expenditures. FCFF is the part of the cash flow generated by the company's operations that can be withdrawn by bondholders and stockholders without economically impairing the company. Conceptually, the value of common equity is the present value of expected future FCFF (the total value of the company—minus the market value of outstanding debt and addition of cash balance if any) 1"

Source for Note 1: Jerald E Pinto CFA, Elaine Henry CFA, Thomas R Robinson CFA, John D Stowe CFA. Equity Valuation page 239, Third Edition, Willey.

#### 2. EPC contracting work.

The projected profits after tax from acting as an EPCC for a customer, i.e. GV Bumi that was referred to by Vafe to FSSB is RM 11.4 million. Vafe's entitlement is 30% on the projected profit after tax, which translated to a sum of RM 3.42 million and upon the application of the discount factor to account for the time value of money for the interval of time between measurement date on 5 April 2021 and scheduled commercial operating date on 30 June 2023, shall translate to a fair value of RM 2.94 million.

We adopted the sum of parts method based on the source of fair values from two sources as detailed above.

RVA approach is **not suitable** to value companies with an offtake agreement as the main driver of value for such companies are principally from a cash flow profiles that could be supported by reasonable basis and assumptions, derived from a offtake agreement which is characterized by high capital cost during construction phase and with no operating cash inflows, followed by post construction phase with operating cash flow and a period of debt servicing and the last phase with operating cash flow and all outstanding debt has been completely repaid.

#### 2.3 Comparable Companies

Comparable Companies	Most recent audited financial year ending	<b>Description</b>
Cypark Resources Bhd (" <b>Cypark</b> ")	31 October 2020	Cypark is listed on the main market of Bursa Securities since 2010. Cypark is a provider of integrated renewable energy, green technology, environmental engineering solutions and construction engineering.  The total capacity of renewable energy from solar project is estimated at 47.17 MWp in 2020 and the 100 MW (173MWp) solar project located at Merchang, Terengganu, which is 70% owned by Cypark, is projected to be completed by 31 December 2021.
		Information gathered from public announcement The 100 MWa.c, project in Marang Terengganu ("Project"), was awarded to a consortium comprising of Cypark and Impian Bumiria Sdn Bhd. This Project has been awarded by Energy Commission ("EC") under the Large Scale Photovoltaic Plant and on 23 December 2019.
	Table of the Company	Source: announced on 24 December 2019.
Mudajaya Group Bhd (" <b>Mudajaya"</b> )	31 December 2019	Mudajaya is involved in construction, property development, power, manufacturing and trading.
		For the unaudited full year FYE 2020 (unaudited), the power sector (solar) generated a revenue for the year of RM 45.1 million and a PBT of RM 7.7 million. The entire group of Muda reported a total revenue of RM 384.4 million and a LBT of RM 41.1 million.
		The power sector is contributed solar power from two locations:- (i) 10MW solar power plant at Gebeng, Pahang was signed between TNB and Special Universal Sdn Bhd that is 60% owned by Mudajaya Energy Sdn Bhd which in turn is a wholly owned subsidiary of Mudajaya. The feed-in tariff rate was RM 0.9016/KWh for and RM 0.8925/KWh for each phase 1 and phase 2 respectively, each of which is 5MW. (ii) 49MW solar power plant at Sungai Siput, Perak and the PPA was signed between TNB and Sinar Kamiri Sdn

# Bhd (formerly known as MGB Enterprise Sdn Bhd) on 16 March 2017. Some recent developments of Mudajaya included as follows:(i) On 31 December 2020, Mudajaya's 76% indirectly owned subsidiary, i.e. Bera Hydropower Sdn Bhd, had been awarded as a successful bidder by SEDA for a 30MW hydro power plant, with a feed-in tariff rate of RM 0.29 per KwH for each with a contractual duration of 21 years.

Source: Annual reports, public websites of companies and Bloomberg

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#### APPENDIX F - VALUATION CERTIFICATES (CONT'D)

#### 2.4 PRICING MULTIPLES OF COMPARABLE COMPANIES

No	Comparable Companies / exposure in renewable energy in MW	Market capitalization, RM million as at 5 March 2021.	FYE for results that are tabulated	Revenue, RM million	PAT / (LAT) RM million	Net margin	ROE	Altman Z Score	P/E, times	WACC	Cost of equity
<u></u>	Median									5.8%	13.4 %
	Average									5.8%	13.4 %
	Minimum Maximum		AND							5.8 % 5.7 %	11.2 % 15.7 %
1	Cypark Resources Bhd 320MWp – solar	720	FYE 31 October 2020	304.0	70.7	23.3%	8.3%	1.2	10.3	5.8%	11.2%
2	Mudajaya Group Bhd <b>59 MW</b> - solar	178	FYE 31 Dec 2020	348.4	(47.5)	-13.6%	-36.4%	0.2	_	5.7%	15.7%

Source:- Announcements and Bloomberg analysed by Asia Equity Research

#### . MAIN INPUT METRICS USED IN FCFF

The main input valuation metrics that are used in FCFF below are presented below in ascribing the fair value for VAFE are as tabulated below:-

#### FCFF – Solar at Kinta

Item no	Input metrics	Source of input metrics and its basis	Input values used in FCFF
1	Cost of equity	For the purpose of our evaluation, we have applied a cost of equity of 21.23%	21.23 %
		The annual cost of equity rate is determined as follows:- (i) First, to determine the unlevered beta of the Comparable Companies in Malaysia, i.e., which translate to 0.382. (ii) Next, the unlevered beta is relevered to the capital structure of Vafe as at 31 March 2021 with an equity and debt size of RM 0.79 million and RM 5.77 million, respectively. This translate to a levered beta of 2.509 (iii) Next, we apply the CAPM model to determine the required rate of return which translate to 13.86%, based on an annual expected equity market return of 10.438% and annual risk free rate of 3.288% as extracted from Bloomberg, measured on 5 March 2021.  Workings:- r = rr + (R <sub>m</sub> - rr) x beta 21.23 = 3.288 + [(10.438 - 3.288) x 2.509]	
2	WACC	The proportion of equity and debt of the total capital structure as at 31 March 2021 were 12.02% and 87.98% respectively. The cost of debt is assumed at 6.00%. Corporate tax is assumed at 24%. This shall translate to a WACC of 7.06%	7.00%

		Workings:-	
		7.06 = [12.02% x 21.23% + 87.98% x 6.00% x (1 - 0.24)] + 0.50% Note 1 Say, 7.00	
		Note 1 To accommodate for fluctuations of market inputs, we have specifically provided for 0.50% due to movements in annual expected market returns and risk free rates.	
3	Period under evaluation. ("Evaluation Period").	The projected free cash flow period under evaluation commences from 1 January 2021 until the expiry of the offtake agreement from TNB for the Solar at Kinta	
4	Terminal value	No terminal value is assumed for the concession business as the cash inflow / outflows streams shall cease when concession expires.	•

# OTHER KEY ASSUMPTIONS USED IN THE PROJECTED CASH FLOW OF VAFE FROM 2021 TO 2037

#### Key assumptions: -

ltem number	Captioned items	Solar at Kinta	
1	FiT rate, RM per kWh	0.7980	
2	Average annual electricity generation in GWh per year in 2021	1.44 in 2021 with a projected degradation of 0.50 annually.	
	Workings:-	1,000 kW x 4 hours a day x 365 days a year x 98.4% (being the efficiency in year 2021 after accounting for a degradation of 0.5% for every year) = 1,436,640 kW or 1.436 GWh per year	
	Annual revenue in 2021	RM 1.146 million ( 1.436 x 0.7980 = 1.146 million)	
Projected	in 2021 and estimated to incre	ease approximately 1% a year.	
3	Annual lease in RM	50,000	
4	Annual insurance premium, RM	26,351	

5	Annual miscellaneous cost, RM	10,840
6	Annual inflation cost	1%

#### 4. FAIR EQUITY VALUE FOR ENTIRE EQUITY INTEREST IN VAFE

Based on the Free Cash Flow to Firm approach, the aggregate fair value of the entire equity interest in Vafe and the share of referral profit earned by Vafe for referring a customer, i.e. GV Bumi Solar (Sandakan) Sdn Bhd to FSSB is **RM 6.57 million** 

ltem number	Description	Fair value, RM million	Reference
1	Fair value for the entire equity interest in Vafe based on a Weighted Average Cost of Capital ("WACC") of 7% based on the projected cash inflow and cash outflow of the 1MW solar farm at Lot 305014, Mukim Hulu Kinta, 31200 Kinta Perak, Darul Ridzuan.	3.63	
2	Share of the net present value of the projected profit after tax earned by Vafe for referring a customer to FSSB.  Workings:- Total projected profit net of tax is projected at RM 11.4 million.  Share of profit entitlement of Vafe based on a 30% allocation equivalent to RM 3.4 million.  (3.42 = 11.4 x 30%)  As the period interval between the expected completion date (i.e. 30 June 2023) and measurement date on 5 April 2021 is 2.2 years, the discount factor applied based on a WACC of 7% is 0.8956. Hence, the net present value of the projected profit after tax from the referral is RM 2.94 million (2.94 = 0.8956 x 3.42)	2.94	
		6.57	Appendix 1

Kindly refer to Appendix 1

#### 5. RISK CONSIDERATION IN FAIR VALUATION ASCRIBED

The fair valuation ascribed for Vafe, could be affected by a number of major risk factors including as follows under the following broad categories amongst others: -

- (i) The fair value derived from the projected profit net of tax earned by Vafe by referring EPCC work to FSSB is discounted to present value. In the event that the actual profit net of tax is lesser than the projected profit after tax, it shall represent a discount to the fair valuation ascribed by us.
  - Lastly, any delay in the construction of the solar farm by FSSB compared to the scheduled delivery dates, shall represent a deferral of timing of the projected cash inflow to be earned by Vafe and it shall represent a discount to the fair valuation as appraised by us.
- (ii) As at 31 March 2021, total consolidated loans and borrowings Vafe stood at approximately RM 5.77 million. The loans and borrowings are subjected to risk of changes in interest rate risk. Any future increase in interest rate shall represent a discount to the fair value as appraised by us. Conversely, any reduction in future interest rate shall represent a premium to the fair value as appraised by us.
- (iii) Any unforeseen factors that resulted in the **non-satisfactory maintenance** of the solar plant that may lead to interruption of the operation of the solar plant and has an effect of reducing the fair value ascribed by us.
- (iv) Any **unforeseen cost overrun** that resulted in VAFE incurred actual operational cost exceeding its projected cost.
- (v) Global and regional economic activity which is dependent on a number of factors such as **political and macro-economic factors** beyond the control of company subjected to fair valuation exercise. Significant global events that affect the regional and global growth may translate to lesser business volumes and accordingly shall negatively affect the fair valuation. During such period, valuation metrics may also change as investors tend to become risk adverse in most asset classes of investments and hence requiring higher required rate of return in appraising its valuation during periods of uncertainties which translate to a lower fair value range.
- (vi) Changes in investor's risk appetite in the equity capital markets may contribute either positively or negatively to the Companies subjected to fair valuation exercise. In circumstances that lead to risk aversion shall result in lesser weightings allocated to equity capital markets and hence causing the equity price to be lower than the fair value as ascribed. Conversely, in circumstances that lead to increasing risk appetite shall result in increased weights allocated to equity capital markets and hence causing the equity price to be higher than its fair value as ascribed.

**APPENDIX 1** – Summary fair valuation using the sum of parts method for combining the results for the entire equity interest in Vafe and the share of profit earned by Vafe for referring a customer, i.e. GV Bumi Solar (Sandakan) Sdn Bhd to FSSB.

Sum of parts	RM mil
A. The fair value of the entire cash flow stream of Vafe	3.63
B. Share of 30% projected profit after tax from referral a customer by Vafe to FSSB	2.94
	6.57

**END**