THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

OCK GROUP BERHAD
(Registration No.: 201101027780 (955915-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED INVESTMENT BASED ON AN INDICATIVE ENTERPRISE VALUE OF RM350.00 MILLION IN SOLARPACK ASIA SDN BHD AND INDIRECTLY IN SOLARPACK SURIA SUNGAI PETANI SDN BHD, THE DEVELOPER, OWNER AND OPERATOR OF A 116 MW OPERATIONAL SOLAR PHOTOVOLTAIC PLANT LOCATED IN SUNGAI PETANI, KEDAH, AWARDED UNDER THE THIRD LARGE-SCALE SOLAR (LSS3) PROGRAMME, ENTAILING THE INDICATIVE CONSIDERATION OF RM91.00 MILLION PAYABLE BY OCK GROUP BERHAD FOR THE SUBSCRIPTION OF OCK'S RPS AND THE LOAN NOVATION BASED ON THE SAID ENTERPRISE VALUE AND SUBJECT TO WORKING CAPITAL, DEBT AND CASH AND CASH EQUIVALENTS ADJUSTMENTS TO BE DETERMINED AT CLOSING ("PROPOSED INVESTMENT")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOB Kay Hian Securities (M) Sdn Bhd
(Registration No.: 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of OCK Group Berhad which is scheduled to be conducted at Suite I & II, Mercure Kuala Lumpur Glenmarie, Jalan Kontraktor U1/14, Seksyen U1, 40150 Shah Alam, Selangor on Wednesday, 16 April 2025 at 10.00 a.m., or at any adjournment thereof, together with the Form of Proxy are enclosed herewith.

A member of OCK entitled to participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to participate and vote on his/ her behalf. In such event, the completed and signed Form of Proxy must be deposited at OCK's Registered Office at Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Tuesday, 15 April 2025 at 10.00 a.m.
Date and time of the EGM	:	Wednesday, 16 April 2025 at 10.00 a.m.

This Circular is dated 19 March 2025

DEFINITIONS

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

"3SP"	:	Solarpack Suria Sungai Petani Sdn Bhd
"Act"	:	The Companies Act 2016
"AER" or the "Independent Valuer"	:	Asia Equity Research Sdn Bhd
"Board"	:	Board of Directors of OCK
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular to shareholders of OCK dated 19 March 2025 in relation to the Proposed Investment
"Closing"	:	A certain period of time commencing from the date on which the Investment Agreement becomes unconditional, during which all necessary closing actions to effect the allotment of Zelestra's RPS, the redemption of Zelestra's RPS (when approved by Zelestra as its shareholder), and the subscription and payment of the OCK's RPS in consideration for the Investor Investment Amount, will be carried out
"Consideration"	:	The consideration under the Investment Agreement for the subscription of OCK's RPS and the Loan Novation which is determined based on an indicative enterprise value of RM350,000,000 and subject to working capital, debt and cash and cash equivalents adjustments to be determined at Closing based on steps as agreed in the Investment Agreement
"Director(s)"	:	The director(s) of OCK and shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Investment were agreed upon:- i. a director of OCK, its subsidiaries or holding company; and ii. a chief executive of OCK, its subsidiaries or holding company
"EGM"	:	Extraordinary general meeting of OCK
"EPS"	:	Earnings per Share
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GDP"	:	Gross domestic product
"Investment Agreement"	:	Conditional investment agreement dated 10 December 2024 entered into between OCK, Zelestra and SPK Asia for the Proposed Investment
"Investor Investment Amount"	:	The consideration for the OCK's RPS in SPK Asia to be paid by OCK in cash which will be determined on Closing based on the following calculations:- **Investor Investment Amount** = Enterprise value of RM350.00 million - Loan Consideration + Est. working capital adjustment - Est. debt + Est. cash and cash equivalent

"JKH"	:	JKH Renewables Sdn Bhd
"kWh"	:	Kilowatt-hour
"kWp"	:	Kilowatt peak
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"Loan Consideration"	:	The consideration to be paid by OCK Group (or its nominated entity within OCK Group) for the Loan Novation in cash to Zelestra, which will be an equivalent sum of the principal amount then outstanding under the loan granted by Zelestra to JKH
"Loan Novation"	:	As part of the closing conditions of the Proposed Investment, Zelestra shall novate a loan granted by Zelestra to JKH in favour of OCK (or its nominated entity within OCK Group)
"LPD"	:	28 February 2025, being the latest practicable date prior to the printing and despatch of this Circular
"LSS"	:	Large-scale solar
"M&E"	:	Mechanical and engineering
"Market Day(s)"	:	Any day on which Bursa Securities is open for trading in securities, which may include a surprise holiday* *A "surprise holiday" refers to a day declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"MW"	:	Megawatt
"MWac"	:	Megawatt alternating current
"MWh"	:	Megawatt hour
"NA"	:	Net assets attributable to the owners of the company
"OCK" or the "Company"	:	OCK Group Berhad
"OCK Group" or the "Group"	:	OCK and its subsidiaries, collectively
"OCK's RPS"	:	1,000 RPS to be issued by SPK Asia to OCK under the Proposed Investment on Closing
"OCK Share(s)" or the "Share(s)"	:	Ordinary share(s) in OCK
"PAT"	:	Profit after taxation
"PATAMI"	:	Profit after taxation and minority interests
"PBT"	:	Profit before taxation
"PPA"	:	Power purchase agreement entered into between 3SP and TNB

"Proposed Investment"	:	The proposed investment by OCK in SPK Asia based on the Investor Investment Amount and the Loan Novation, based on an indicative enterprise value of RM350.00 million (subject to adjustments as set out in **Section 2.1** of this Circular)
"PV"	:	Photovoltaic
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPS"	:	Redeemable preference shares in SPK Asia
"Solar Project"	:	A 116 MW operational solar PV plant located in Sungai Petani, Kedah, awarded under the LSS3 programme
"SPK Asia"	:	Solarpack Asia Sdn Bhd
"SPK Asia Group"	:	SPK Asia and its subsidiary, collectively
"TNB"	:	Tenaga Nasional Berhad
"UOBKH" or the "Principal Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd
"Valuation Certificate"	:	The valuation certificate prepared by AER in respect of the fair enterprise value of 3SP dated 6 December 2024
"Zelestra"	:	Zelestra Corporación, S.A.U, the sole shareholder of SPK Asia

All references to "**you**" or "**your(s)**" in this Circular are made to the shareholders of OCK, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments. Unless otherwise stated and wherever applicable, the amount represented in this Circular has been rounded to the nearest whole sen, for ease of reference.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Company after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

TABLE OF CONTENTS

		PAGE
EXECUTIVE SUMMARY		v
LETTER TO THE SHAREHOLDERS OF OCK IN RELATION TO THE PROPOSED INVESTMENT CONTAINING:-		
1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED INVESTMENT	2
3.	RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED INVESTMENT	13
4.	INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE ENLARGED OCK GROUP	13
5.	RISK FACTORS	16
6.	EFFECTS OF THE PROPOSED INVESTMENT	18
7.	HIGHEST PERCENTAGE RATIO	19
8.	APPROVALS REQUIRED/ OBTAINED	20
9.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM	20
10.	DIRECTORS' STATEMENT AND RECOMMENDATION	20
11.	ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	20
12.	PROPOSALS ANNOUNCED BUT PENDING COMPLETION	21
13.	EGM	21
14.	FURTHER INFORMATION	21
APPENDICES		
I.	INFORMATION ON SPK ASIA	22
II.	SALIENT TERMS OF THE INVESTMENT AGREEMENT	84
III.	VALUATION CERTIFICATE	87
IV.	DIRECTORS' REPORT ON SPK ASIA	121
V.	FURTHER INFORMATION	122
NOTICE OF EGM		**ENCLOSED**
FORM OF PROXY		**ENCLOSED**

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Investment. The shareholders of OCK are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Investment before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposed Investment	OCK, had on 10 December 2024, entered into a conditional investment agreement with Zelestra and SPK Asia in relation to an investment in SPK Asia and the novation in favour of OCK (or its nominated entity within OCK Group) of a loan granted by Zelestra to JKH, based on an indicative enterprise value of RM350.00 million (subject to adjustments as set out in **Section 2.1** of this Circular).	**Section 2**
Rationale and justifications for the Proposed Investment	The Proposed Investment will increase the total solar generation assets of OCK Group. This expansion is expected to yield substantial benefits, including the ability to earn potential returns in the form of dividend or distribution to be derived from the investment through the cash flow generation of the solar PV power plant. By expanding the capacity of its solar generation assets, the Group will be well-positioned to potentially capitalise on future opportunities, such as participating in the future LSS programmes initiated by the government. These initiatives present a significant growth avenue, allowing the Group to secure new projects, enhance its market presence, and contribute to the Government's renewable energy goals.	**Section 3**
Risk factors	The Board does not foresee any material risk pursuant to the Proposed Investment except for the inherent risk factors associated with the provision of the renewable energy business, of which OCK Group is already involved, and would already be addressed as part of OCK's ordinary course of business. For avoidance of doubt, the investment by OCK in OCK's RPS through the Proposed Investment does not result in changes to the shareholding structure, direct and indirect, of 3SP. Notwithstanding that, additional potential risks that may have an impact on the Group in relation to the Proposed Investment, which may not be exhaustive, are as follows:- i. investment risks; ii. completion risks; iii. business and operational risks; and iv. political, economic and regulatory risks.	**Section 5**
Approvals required/ obtained	The Proposed Investment is subject to the following approvals being obtained:- i. 3SP, as applicable, shall have obtained the approval or a letter of no objection in respect of the Proposed Investment from the relevant authorities; ii. Zelestra shall have approved by special resolution the amended constitution of SPK Asia establishing, among others, the basic terms of the OCK's RPS to be subscribed by OCK; iii. the approval of the shareholders of OCK at an extraordinary general meeting to be convened; iv. no authority prohibiting the transaction.	**Section 8**

Key information	Description	Reference to Circular
Interests of directors, major shareholders and/ or persons connected to them	None of the Directors, major shareholders of OCK and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Investment.	**Section 9**
Directors' statement and recommendation	The Board, having considered and deliberated on all aspects of the Proposed Investment, including but not limited to the terms and conditions of the Investment Agreement, basis and justification in arriving at the Consideration, the rationale and prospects, as well as the financial effects, is of the opinion that the Proposed Investment is in the best interests of the Company. Accordingly, the Board recommends that you **vote in favour** for the resolution pertaining to the Proposed Investment to be tabled at the forthcoming EGM.	**Section 10**

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

OCK GROUP BERHAD
(Registration No.: 201101027780 (955915-M))
(Incorporated in Malaysia)

Registered Office

No. 18, Jalan Jurunilai U1/20
Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

19 March 2025

Board of Directors

YBhg. Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman *(Non-Independent Non-Executive Chairman)*
YBhg. Datuk Wira Ooi Chin Khoon *(Group Managing Director)*
YBhg. Datuk Low Hock Keong *(Group Chief Executive Officer & Executive Director)*
Ooi Inn Huei *(Executive Director)*
Mahathir Bin Mahzan (*Independent Non-Executive Director)*
Low Ngai Yuen (*Independent Non-Executive Director)*
Ong Yee Ling @ Sharon (*Independent Non-Executive Director)*

To: The shareholders of OCK Group Berhad

Dear Sir/ Madam,

PROPOSED INVESTMENT

---

1. INTRODUCTION

On 10 December 2024, UOBKH had, on behalf of the Board, announced that the Company had entered into a conditional investment agreement with Zelestra and SPK Asia in relation to an investment in SPK Asia through RPS and the novation in favour of OCK (or its nominated entity within OCK Group) of a loan granted by Zelestra to JKH, based on an indicative enterprise value of RM350.00 million (subject to adjustments as set out in **Section 2.1** of this Circular). For information purposes, SPK Asia and JKH owns 49% and 51%, respectively, of the ordinary shares in 3SP, the developer, owner and operator of the Solar Project.

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

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

2. DETAILS OF THE PROPOSED INVESTMENT

Currently, OCK Group is principally involved in the provision of turnkey telecommunications network services, provision of renewable energy and power solutions, provision of tower facilities, utilities and communication network for mobile and broadband operators, trading of telecommunications network equipment and materials as well as provision of mechanical and electrical engineering services. Based on its latest audited financial statement for the FYE 31 December 2023, the segmental revenue and gross profit of the Group are as follows:-

Segment	RM'000	%
Segmental revenue		
Telecommunication Network Services	630,499	87.23
Green Energy and Power Solutions	54,322	7.52
Trading	21,607	2.99
M&E Engineering Services	16,355	2.26
Investment holding	-	-
Total	**722,783**	**100.00**
Segmental gross profit		
Telecommunication Network Services	147,697	87.44
Green Energy and Power Solutions	15,470	9.16
Trading	2,202	1.30
M&E Engineering Services	3,544	2.10
Investment holding	-	-
Total	**168,913**	**100.00**

In line with the business expansion strategy of OCK Group, it intends to focus on growing its solar energy related business by taking proactive approaches to capitalise on the growing demand for renewable energy solutions. As part of its business development initiatives, OCK Group plans to invest into a solar PV power plant in Malaysia, namely 3SP. 3SP is an independent power producer that owns and operates a LSS PV power plant located in Kedah with the solar PV power plant having achieved commercial operation date on 8 March 2022. 3SP also secured a 21-year PPA with TNB which commenced effectively from the said commercial operation date, awarded under Malaysia's Large-Scale Solar 3 (LSS3) Scheme in 2022. The PPA expires on the day before the 21st anniversary of the commercial operation date of 8 March 2022 (including such day), unless otherwise extended (such as events of force majeure or changes to laws or legislation which require improvement or modification to the solar facility) or terminated in accordance with the terms and conditions of the PPA. Further details of 3SP are set out in **Section 2.7** of this Circular.

2.1 Structure of the Investment Agreement

i. Investment Agreement

Pursuant to the Proposed Investment, OCK will subscribe for the OCK's RPS in SPK Asia to be issued by SPK Asia to OCK, based on a final subscription amount to be satisfied entirely in cash in favour of SPK Asia. Subject to the terms of the Investment Agreement, SPK Asia has agreed to issue and allot to OCK, the OCK's RPS free from encumbrances and together with all rights attaching to the OCK's RPS, including the right to receive the Preferential Dividend (as defined herein). The final subscription amount will be determined at the Closing of the Proposed Investment based on the following calculations:-

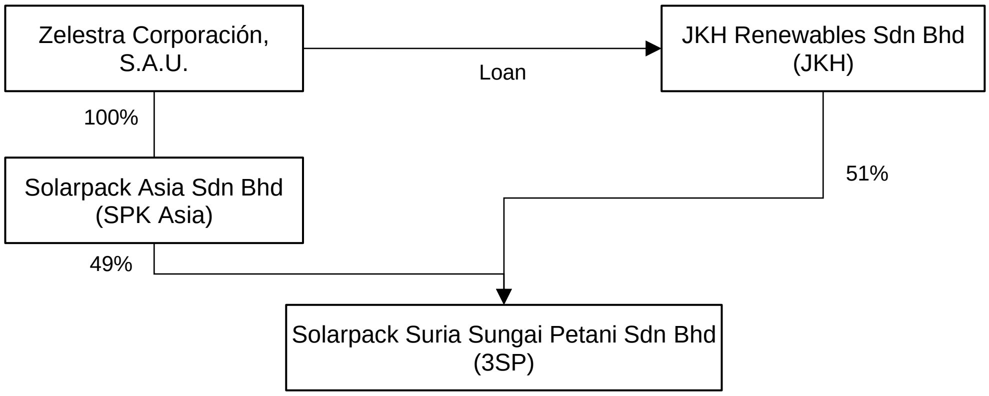
Investor Investment Amount	=	Enterprise value of RM350.00 million	-	Loan Consideration	+	Est. working capital adjustment	-	Est. debt	+	Est. cash and cash equivalent

As part of the closing conditions of the Proposed Investment, Zelestra shall novate a loan to OCK (or its nominated entity within OCK Group) and in consideration for the Loan Novation, OCK Group (or its nominated entity within OCK Group) will pay an equivalent sum of the principal amount then outstanding under the loan in cash to Zelestra. As at the LPD, an amount of RM14,225,265.09 remains outstanding under the loan.

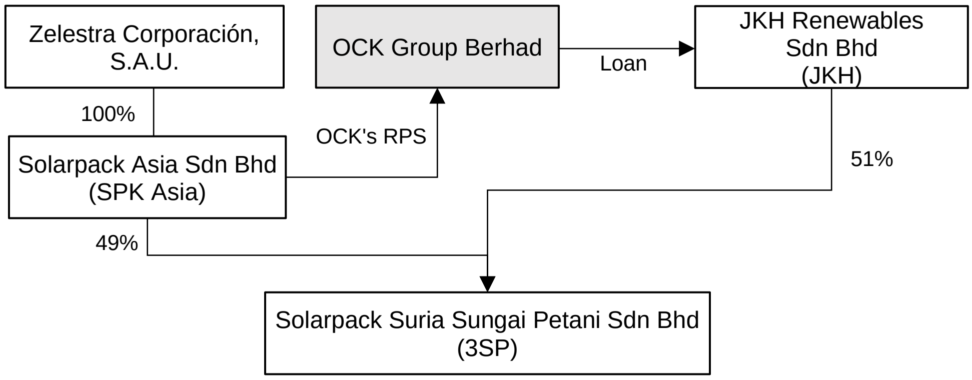
The estimated working capital adjustments, debt and cash and cash equivalents will be determined at Closing based on steps as agreed in the Investment Agreement. The salient terms of the Investment Agreement are set out in **Appendix II** of this Circular.

Set out below the diagram which illustrates the shareholding structure of 3SP and SPK Asia before and after the Proposed Investment:-

Before the Proposed Investment



After the Proposed Investment



The Proposed Investment will entitle OCK, as the holder of OCK's RPS, to the potential returns in the form of dividend or distribution to be derived from the investment in OCK's RPS as may be made or declared by SPK Asia, through the cash flow generation of the Solar Project under 3SP. For the avoidance of doubt, there will not be a change in the ordinary shareholding of SPK Asia as a direct outcome of the Proposed Investment, with Zelestra remaining as the sole ordinary shareholder of SPK Asia post completion, thus there shall be no change in control of the company.

The Proposed Investment enables OCK Group to earn potential returns in the form of dividend or distribution to be derived from the investment through the cash flow generation of the Solar Project. As compared to outright ordinary share purchase or acquisition, the investment into OCK's RPS aligns with OCK Group's focus to potentially derive a long-term stable preferential dividend/ distribution returns of the Solar Project which is backed by a 21-year PPA with TNB, as well as having the certainty over priority of such returns over the holders of ordinary shares. As part of its broader growth objective, the Proposed Investment will enhance its market presence and reputation within the renewable energy sector, and thereby positioning the Group to capitalise on future opportunities such as participating in the future LSS programmes initiated by the government.

The salient terms of OCK's RPS, which will be issued on the Closing of the transaction, are as follows:-

Issue size/ amount	1,000 RPS in consideration of the Investor Investment Amount. For clarity, the consideration for the 1,000 OCK's RPS under the Investor Investment Amount is determined based on an enterprise value of RM350,000,000 that is subject to working capital, debt and cash and cash equivalents adjustments to be determined at Closing, and therefore the actual price payable for each OCK's RPS can only be determined at Closing. Please refer to **Section 2.2** of this Circular for the basis in arriving at the Consideration. The size of 1,000 OCK's RPS is arrived at based on parties' mutual agreement to accord OCK more flexibility in dealings in the RPS should it wish to monetise, sell or transfer a portion of RPS in the future.
Conversion	No conversion rights.
Dividend	1. Each OCK's RPS shall confer on OCK the right to be paid, out of profits of SPK Asia, a dividend amount to be determined and approved by the board of directors of SPK Asia ("**Preferential Dividend**"). The percentage of the dividend rate will only be determined at the point of dividend issuance. 2. OCK shall not be entitled to participate in the surplus profits or assets of SPK Asia beyond such rights as are expressly set out herein. 3. The Preferential Dividend shall be paid in preference to any dividend to be declared over any other shares. 4. The dividend payable in respect of the OCK's RPS shall be payable only upon resolution of SPK Asia or the directors to authorise its payment. 5. No dividend shall be declared or paid to the holders of the ordinary shares in respect of any financial year of SPK Asia if there are any OCK's RPS in issue unless and until the dividend (if any) in respect of OCK's RPS has been paid in full in respect of that financial year and in respect of all previous financial years of SPK Asia; and all OCK's RPS falling due for redemption in that financial year and all previous financial years of SPK Asia have been duly redeemed and the redemption moneys have been paid in full to the persons entitled thereto. In other words, the dividend is on cumulative basis, as any unpaid obligation (including dividend) on OCK's RPS are carried over and must be fulfilled before such dividend can be declared or paid to the holders of the ordinary shares of SPK Asia.
Redemption	The OCK's RPS may be redeemed upon and subject to the following terms and conditions: 1. SPK Asia may redeem the OCK's RPS at any time after their issuance, upon giving to the holders of the OCK's RPS not less than three (3) days' notice (or such shorter period as the holder may agree) in writing of its intention to redeem stating the number of the OCK's RPS to be redeemed on such date as determined and approved by the board of directors. The notice shall specify *inter alia* the numbers of the OCK's RPS to be redeemed on the date in question and SPK Asia's estimate of the amount payable on redemption. For avoidance of doubt, apart from the above, the Investment Agreement does not contain any basis for determining the redemption price or amount, and that the redemption price or amount can only be determined at the point of redemption as determined and approved by the board of directors of SPK Asia. In any event, the redemption price will be at least the same as the issue price of the OCK's RPS, if and when determined at point of redemption; 2. SPK Asia has the option (not the obligation) to redeem either all or a portion of the OCK's RPS; 3. a OCK's RPS may only be redeemed if the OCK's RPS has been fully paid up; 4. the redemption of the OCK's RPS shall only be out of the profits of SPK Asia or a fresh issue of shares and shall not be redeemed out of capital; 5. if SPK Asia wishes to redeem the OCK's RPS, SPK Asia shall redeem the OCK's RPS by paying cash in the amount as determined by the board of directors;

	6. no OCK's RPS redeemed by SPK Asia shall be capable of reissue; and 7. all the provisions of the Act relating to the redemption of preference shares, and regulatory restrictions shall be duly observed. For information, the Investment Agreement neither contains any specific contractual right for investor to contest the redemption, nor contains any specific condition or event that would trigger the redemption. Nonetheless, the redemption of OCK's RPS by SPK Asia, whether in part or in whole, if any, can only be carried out subject to fulfilling the conditions above.
Maturity	No maturity date.
Transferability	OCK as the holder of the OCK's RPS has the absolute right to transfer of the OCK's RPS to any of its associated companies without the express consent of SPK Asia.
Rights of holders	Subject to the provisions of the Act, OCK as the holder of the OCK's RPS shall be entitled to receive notice of and attend but shall not be entitled to vote at any general meeting of SPK Asia. In addition, for as long as any OCK's RPS remain in issue and have not been redeemed except with the consent of the holders of at least 80% of the issued OCK's RPS:- 1. no further shares which rank in priority to or *pari passu* with the OCK's RPS as regards participation in either profits or assets of SPK Asia may be created or issued; 2. the rights attached to the ordinary shares shall not be modified, varied or aggregated, nor shall there be any reduction in SPK Asia's share capital or any uncalled liability thereon; and 3. SPK Asia shall not create or issue any equity share capital, other than the preference shares, which is not in all respects uniform with the ordinary shares on the date of creation of the OCK's RPS.
Liquidation/ Winding-up	1. Each OCK's RPS shall confer on the holder the right on winding up or other return of capital to receive, in priority to the holders of any other class of shares in the capital of SPK Asia, a sum equal to any arrears of Preferential Dividend accrued thereon, to be paid irrespective of whether such dividend has been declared or earned, together with repayment in full of such amounts paid up on the OCK's RPS up to the amount as determined by the board of directors. 2. If the amount available for distribution to the holder of OCK's RPS is insufficient to pay the total sum due on a liquidation or return of capital of SPK Asia, the amount available will be distributed amongst the preference shareholders in proportion to the total amounts to which each preference shareholder is entitled respectively.

ii. Loan Novation

On Closing, an agreement to effect the Loan Novation shall take place and OCK will pay to Zelestra the Loan Consideration amount. For information, the Loan Consideration comprise the principal outstanding amount of the loan on Closing of the transaction owed to Zelestra by JKH. The purpose of the loan was to provide financial support to JKH for any commitments arising from the development and construction of 3SP's solar PV power plant.

Pursuant to the Loan Novation, the loan arrangement between Zelestra and JKH (including all of Zelestra's legal and beneficial rights, title, and interest, in the loan arrangement) shall be novated, assigned, and transferred by Zelestra to OCK (or its nominated entity within OCK Group).

Although Zelestra will remain as the sole shareholder of SPK Asia after the Proposed Investment, the parties have mutually agreed to streamline the said loan arrangement by novating the loan to OCK as part of the Proposed Investment structure, as (i) this enables Zelestra to reduce its loan exposure from the solar PV power plant, and (ii) OCK, as the holder of OCK's RPS, will be entitled to the potential returns in the form of dividend or distribution to be derived from the investment through the cash flow generation of the solar PV power plant.

Upon completion of the Proposed Investment and the Loan Novation, there is no obligation from Zelestra to grant any further loan to JKH. For information, as at the LPD, an amount of RM14,225,265.09 in principal remains outstanding under the loan, with no interests charged.

In consideration of the Loan Novation, OCK shall pay to Zelestra the Loan Consideration in cash on Closing.

2.2 Basis and justification of arriving at the Consideration

The Consideration under the Investment Agreement for the subscription of OCK's RPS and the Loan Novation is determined based on an enterprise value of RM350,000,000 that is subject to working capital, debt and cash and cash equivalents adjustments to be determined at Closing based on steps as agreed in the Investment Agreement, and on terms agreed on a willing-buyer willing seller basis. Strictly for illustrative purpose and assuming the said adjustments are based on the latest available unaudited management accounts of SPK Asia as at 31 December 2024, the indicative Consideration payable by OCK under the Investment Agreement for the subscription of OCK's RPS and the Loan Novation would amount to RM91.00 million, computed as follows:-

As at 31 December 2024		**RM'mil**
Enterprise value	:	350
(-) Debts	:	(275)
(-) Loan Consideration	:	(14)
(+) Cash and cash equivalent and working capital	:	16
(=) Investor Investment Amount	**:**	**77**
(+) Loan Novation	:	14
(=) Consideration	**:**	**91**

The Board wishes to highlight that the maximum amount payable by OCK is not limited to RM350 million, and the actual extent of the amount payable for the Consideration would be subject to working capital, debt and cash and cash equivalent adjustments to be determined at Closing.

The Board deems the Consideration (based on enterprise value of RM350,000,000) justifiable after taking into consideration the following:-

i. the opinion by AER, being the Independent Valuer appointed by the Board, in arriving at the estimated fair enterprise value of the entire of 3SP, vide the Valuation Certificate as set out in **Appendix III** of this Circular.

   Based on the use of Free Cash Flow to Firm ("**FCFF**") approach, being the valuation methodology considered and selected by AER to appraise the enterprise value of 3SP, the enterprise value for 3SP ranges from RM344.7 million to RM350.7 million, based on the projected cash flows to be derived from 3SP from 1 January 2025 to 31 December 2042 ("**Future Financials**") as provided by the management of 3SP with a weighted average cost of capital ("**WACC**") of 5.71%. FCFF is considered the most appropriate method to value 3SP's enterprise value due to its reliable projected cash inflows supported by a PPA.

To determine the fair enterprise value of 3SP, AER discounted the projected FCFF from the solar generation facility using a WACC of 5.71%, reflecting the required return rate for capital providers. The present value of FCFF is the enterprise value of the entire of 3SP. The valuation and its key bases and assumptions are as follows:-

No.	Key bases and assumptions		Descriptions
(i)	FCFF	Based on Future Financials from 1 January 2025 up to 31 December 2042	For information, the cash flow is cut off on 31 December 2042 because the net cash flow during the period from 1 January to 7 March 2043 (65 days) is reserved for covering the costs of any required remediation work on the solar site. FCFF is the free cash flows from operations available to the providers of capital for a business after taking into consideration all operating expenses, movement in working capital and net investing cash flows (i.e. capital expenditure). <u>Annual projected revenue</u> Annual projected revenue ranges from RM39.9 million to RM40.5 million during the projection period. The projected annual revenue was derived based on projected annual output of between 172,000 MWh to 174,700 MWh annually multiplied by the Feed-in Tariff ("**FiT**") at RM0.2318 per kWh. Annual revenue is projected to decrease by 0.5% year over year without any capacity maintenance cost. However, Future Financials has estimated new capacity maintenance costs of RM21.06 million and investor replacement costs of RM14.13 million, leading to additional revenue to offset year on year degradation. <u>Annual projected cost of sales</u> Annual projected cost of sales ranges from RM5.9 million to RM12.9 million. The key cost items included within this captioned are as follows:- • Land lease cost: ~23% assumed to increase annually at a rate of between 2.30% to 2.50%. • O&M cost: ~14% assumed to be RM1.2 million annually. • New capacity maintenance cost: ~14% totaling RM21.06 million, assumed to be incurred six times with interval of 3 years with a sum of RM3.51 million each time. • Inverter replacement cost: ~9% totaling RM14.13 million, incurred annually from 2032 to 2036 during the five years, at RM2.83 million each year • Insurance: ~13% assumed to increase annually by 2.10% annually. • Other costs (employee, spare parts, quit rent, etc.) assumed to increase annually by 1.0% annually.

No.	Key bases and assumptions		Descriptions
(ii)	Cost of equity ("$\mathbf{K_e}$")	10.68%	Cost of equity represents the rate of return required by an equity investor on the cash flow streams generated by the business given the risks associated with the cash flows. In deriving the cost of equity, AER has adopted the Capital Asset Pricing Model and derived an estimated cost of 10.68% with the following inputs:- $K_e = R_f + \beta\ (R_m – R_f)$
(iii)	Risk-free rate of return ("$\mathbf{R_f}$")	3.787%	Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year Malaysian Government Securities. As extracted from Bloomberg, the said yield is 3.787% as at the 6 December 2024.
(iv)	Annual expected market return ("$\mathbf{R_m}$")	9.101%	Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market. Based on the information sourced from Bloomberg, AER has derived an average expected market rate of return in Malaysia of 9.101% per annum as extracted from Bloomberg on 6 December 2024.
(v)	Levered beta ("**β**")	1.298	Beta is a risk measurement that measures industry and financial risk of a listed company. The industry risk that are measured are general risk affecting a listed company, i.e., also known as systematic risk. It does not measure company specific risk. The beta measurement when the financial risk is excluded is known as unlevered beta, and the beta measurement that includes the financial risk element is known as levered beta. To compute 3SP's levered beta, AER first determined the industry beta for the solar sector using Bloomberg data from 6 December 2024. Then, they calculated the unlevered beta of "pure-play solar" companies and adjusted it based on 3SP's capital structure.
(vii)	Pre-tax cost of debt ("$\mathbf{K_d}$")	5.55%	The cost of debt refers to the effective interest rate on the RM275 million owed by 3SP as of 6 December 2024, related to the Green Sustainable and Responsible Investment Sukuk Wakalah. For information, the principal terms of the sukuk are as follows:- Programme facility size/ limit : Islamic medium term notes issuance of up to RM305 million in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar Facility tenure : Up to 20 years Issue date : 6 April 2023 Issue size : One-time issuance of RM285 million *(as at the valuation date, the outstanding principal sum of the sukuk is RM275 million, that bears an effective cost of 5.55%)* Coupon frequency : Semi-annual Maturity : Repayable upon maturity which is every successive period of 6 months with first repayment to commence on 5 April 2024 *(as at the valuation date, the repayment starts in April 2025 and ends in October 2042)*

No.	Key bases and assumptions		Descriptions
(viii)	WACC	5.71%	The WACC is calculated with an assumed capital structure of 23% equity at a cost of 10.68% and 77% debt at a cost of 5.55% as of December 6, 2024, which translated to 5.71% WACC = E (K_e) + D (K_d) (1-T) where:- E = Proportion of equity to the capital structure D = Proportion of debt to the capital structure K_e = Cost of equity K_d = Pre-tax cost of debt T = Malaysia corporate income tax rate of 24%. Unabsorbed capital allowances will offset projected adjusted income, with any remaining balance carried forward until fully claimed. Upon the completed utilisation of the capital allowances, 70% of the projected annul statutory income shall be offset by unabsorbed green investment tax allowance ("**GITA**"), and this process will continue if there is any remaining GITA available. For information, GITA provides a 100% investment tax allowance on qualifying capital expenditure incurred for green technology projects.
(xi)	Enterprise value	Ranges from RM344.7 million to RM350.7 million	The enterprise value of 3SP is calculated as follows:- Enterprise value = Present value of projected FCFF based on the Future Financials + Present value of terminal value where:- Present value of FCFF based on the Future Financials is calculated as follows:- $\text{Present value of FCFF} = \frac{\text{FCFF}}{(1 + \text{WACC})^n}$ **Terminal value:** **<u>Minimum range</u>** No terminal value is appraised as the end of the expiry of the PPA. **<u>Maximum range</u>** By the end of FYE 31 December 2043, the solar PV power plant's decommissioning is assumed to yield a recovery value of RM150,000 per MW which is then multiplied with the size of the solar farm of 116.02 MW, thereby totalling RM17.4 million. This is based on quoted recycle markets offering USD40,000 per MW, which translates to RM176,708 per MW at an exchange rate of RM4.4177 per USD on valuation date. For the determination of salvage value, the Company has conservatively adopted a lower value of RM150,000 per MW.

Based on the above, AER derived the minimum and maximum fair enterprise value range of the solar generation facility of 3SP, computed in the following manner:-

	Minimum value	**Maximum value**
	RM (million)	**RM (million)**
Enterprise value before terminal value	344.7	344.7
Add:		
Salvage value of solar generation facility at the end of 31 December 2043, translated to present value	-	6.0[*1]
Enterprise value after terminal value	**344.7**	**350.7**

Note:-

[*1] *By the end of FYE 31 December 2043, the solar PV power plant's decommissioning is assumed to yield a recovery value of RM150,000 per MW, totalling RM17.4 million. Discounting this terminal value at a WACC of 5.71% shall translate to a present value of RM6.0 million.*

ii. the rationale and benefits to be accrued to OCK Group through the Proposed Investment including as set out in **Section 3** of this Circular.

2.3 Mode of settlement

Pursuant to the terms of the Investment Agreement, the Consideration shall be fully paid in cash on Closing (subject to customary closing accounts adjustments) based on working capital, debt and cash and cash equivalent adjustments as at Closing.

For information, there is no covenant that the said adjustments shall not exceed a certain level, but any closing statement to be prepared for the purpose of the adjustment should be prepared based on the Applicable Accounting Standards, i.e., the accounting standards and principles applicable to the preparation of such financial statements in accordance with applicable law, as consistently applied in the past.

2.4 Source of funding

The Consideration will be satisfied via internally generated funds and/ or bank borrowings, of which the breakdown can only be ascertained at a later stage.

Based on the latest unaudited financial statements of OCK Group as at 31 December 2024, the Group's fixed deposits, cash and bank balances stood at RM98.92 million.

2.5 Liabilities to be assumed by OCK

Save for the obligation and liabilities (including but not limited to Investor Investment Amount and Loan Novation) stated in and arising from, pursuant to or in connection with the Investment Agreement there are no other liabilities including contingent liabilities and/ or guarantees to be assumed by OCK arising from the Proposed Investment.

2.6 Additional financial commitment required

Save for the Consideration payable, there is no additional financial commitment required by OCK to put the Solar Project of 3SP on-stream as the solar PV power plant has commenced commercial operations since March 2022.

For shareholders' information, based on the latest audited financial statements of SPK Asia for the FYE 31 December 2023, SPK Asia recorded positive cash flow from operating activities of RM32.30 million.

2.7 Information on the 3SP

3SP was incorporated in Malaysia on 13 January 2020 under the Act as a private limited company. 3SP is principally involved in designing, constructing, ownership, operation and maintenance of a 90.88 MWac solar PV power plant in Sungai Petani, Kuala Muda, Kedah. The plant mainly comprise PV modules that are ground mounted facility with fixed tilt sub-structure and are connected to form strings, as well as other main equipment including but not limited to inverters (to convert direct current (DC) power produced by the PV modules into alternating current (AC)), power transformers (to step up voltage for interconnection to grid system), interconnection facility (to allow solar panels to connect to grid system), and other systems and ancillaries (to ensure amongst others, to ensure operations at optimum conditions, monitoring or transmission of real-time date, and back-up energy storage).

The solar PV power plant commenced commercial operations on 8 March 2022. 3SP secured a 21-year PPA with TNB, awarded under Malaysia's LSS3 Scheme in 2022. The PPA governs the obligations of the parties to sell and purchase the energy generated by the solar PV facility for a period of 21 years in accordance with the terms of the PPA, the details of which cannot be disclosed due to confidentiality clause binding on the parties. 3SP is holder of a generation license dated 21 January 2022 (Reference/License Number: LA 12/1/11/52 (LSS)) issued by the Energy Commission. The generation license has a duration period of 21 years from the license commencement date of 21 January 2022.

As at the LPD, the issued share capital of 3SP is RM51,282,831 comprising 51,282,831 ordinary shares.

As at the LPD, the directors of 3SP are Luis Alvargonzalez Diaz Negrete, Chan Kok Hoe and Parantaman A/L Ramasamy.

As at the LPD, the shareholders of 3SP are as follows:-

	Nationality/ Place of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
SPK Asia	Malaysia	25,128,588	49.0	-	-
JKH[*1]	Malaysia	26,154,243	51.0	-	-

Note:-

[*1] *JKH was incorporated in Malaysia on 2 August 2019 under the Act as a private limited company. JKH was principally involved in the installation of non-electric solar energy collectors.*

As at the LPD, the directors and shareholders of JKH are Wong Jan Chai (1 share; 50%) and Chan Kok Hoe (1 share; 50%).

As at the LPD, 3SP does not have any subsidiary, associate or joint venture companies.

A summary of the financial information of 3SP since incorporation and up to the latest audited FYE 31 December 2023 as well as the unaudited 12-month FYE 31 December 2024 is as follows:-

	FYE 31 December				
	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Unaudited 2024^
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-*	-*	33,244	40,586	40,676
Gross profit	-	-	32,743	39,982	40,439
PBT	(84)	(393)	4,403	2,848	1,975
PAT	(84)	(393)	1,294	30,060[#]	1,817
Equity/ NA	25,635	50,806	52,100	82,160	68,329
PAT margin (%)	-	-	3.89	74.07	4.47
EPS (RM)	(0.003)	(0.008)	0.025	0.586	0.035

	FYE 31 December				
	Audited 2020	**Audited 2021**	**Audited 2022**	**Audited 2023**	**Unaudited 2024^**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
NA per share (RM)	1.00	0.99	1.02	1.60	1.33
Dividends paid	-	-	-	-	-

Notes:-

* *There were no revenue generated since the incorporation in 2020 and up to the FYE 31 December 2021, as the solar PV power plant has only commenced commercial operations on 8 March 2022 through the sale of energy to TNB under the PPA.*

^ *The unaudited financial information of 3SP extracted based on the management accounts as at 31 December 2024 is provisional and subject to further review and audit.*

For the FYE 31 December 2023, 3SP registered a PAT of RM30.06 million mainly due to a one-off recognition of tax credit allowance amounting to RM27.23 million.

2.8 Information on the parties to the Investment Agreement

i. SPK Asia

SPK Asia was incorporated in Malaysia on 24 February 2016 under the Companies Act 1965 as a private limited company. The principal activity of SPK Asia is to serve as a holding company of SPK Asia's stake in 3SP.

As at the LPD, the issued share capital of SPK Asia is RM28,344,431 comprising 28,344,431 ordinary shares.

A summary of the consolidated financial information of SPK Asia for the past 3 financial years up to the audited FYE 31 December 2023 as well as the unaudited 12-month FYE 31 December 2024 is as follows:-

	FYE 31 December			
	Audited 2021	**Audited 2022**	**Audited 2023**	**Unaudited 2024^**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	-*	33,244	40,586	3,430
Gross profit	-	31,358	38,008	3,430
PBT	(1,815)	3,622	3,317	3,739
PAT attributable to:-				
- owner of the company	(3,258)	(1,445)	15,212	N.A.
- non-controlling interest	(200)	660	15,288	N.A.
	(3,458)	**(785)**	**30,500**	**N.A.**
Equity/ NA attributable to:-				
- owner of the company	23,450	22,005	33,966	32,084
- non-controlling interest	25,954	26,614	41,902	N.A.
	49,404	**48,619**	**75,868**	**N.A.**
PATAMI margin (%)	-	(4.35)	37.48	N.A.
EPS (RM)	(0.11)	(0.05)	0.54	N.A.
NA per share (RM)	0.83	0.78	1.20	1.13
Dividends paid	-	-	3,250	5,077

Notes:-

* *There were no revenue generated since the incorporation in 2016 and up to the FYE 31 December 2021, as the solar PV power plant has only commenced commercial operations on 8 March 2022 through the sale of energy to TNB under the PPA.*

^ *The unaudited financial information of SPK Asia extracted based on the management accounts as at 31 December 2024 is provisional and subject to further review and audit. It is important to note that the financial results of 3SP have not been incorporated into the management accounts of SPK Asia at the group consolidation level. The consolidation of 3SP's financial results in SPK Asia's books will only be accounted for upon completion of the audit.*

Please refer to **Appendix I** of this Circular for further information on SPK Asia.

ii. Zelestra

Zelestra Corporación, S.A.U., formerly known as Solarpack Corporación Tecnológica, S.A.U, is an experienced Spanish renewable energy developer and owner. Established in 2005, it has developed more than 27 GW of renewable energy plants and owns or is building 24 plants with over 1.9 GW in Spain, Chile, Colombia, Peru, Malaysia, United States and India. Zelestra is majority owned by the Swedish infrastructure fund manager EQT.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED INVESTMENT

At present, OCK is principally involved in telecommunication network services, green energy and power solutions, trading of telecommunications network products and mechanical and electrical engineering services. OCK Group intends to focus on expanding across all its business segments, taking proactive approaches to capitalise on opportunities in various growing industries and expanding its portfolio to include renewable energy, data centres and digital solutions. By aligning its diverse business portfolio with market demands and prioritising innovation and efficiency, OCK Group is positioning itself as a leading player in these industries, which in turn may drive sustainable earnings and long-term value for shareholders. Currently, OCK Group owns and manages approximately 29 solar generation assets in Malaysia with a combined capacity of 14 MW. In order to grow effectively in the rapid evolving and competitive renewable energy industry, OCK aims to strengthen synergies, and scale up its solar businesses in order to generate higher sustainable earnings for OCK Group.

The Proposed Investment will increase the total solar generation assets of OCK Group. This expansion is expected to yield substantial benefits, including the ability to earn potential returns in the form of dividend or distribution to be derived from the investment through the cash flow generation of the solar PV power plant. By expanding the capacity of its solar generation assets, the Group will be well-positioned to potentially capitalise on future opportunities, such as participating in the future LSS programmes initiated by the government. These initiatives present a significant growth avenue, allowing the Group to secure new projects, enhance its market presence, and contribute to the Government's renewable energy goals. Furthermore, the revenue from 3SP's Solar Project is fully secured under a 21-year PPA with TNB since the commencement of commercial operations on 8 March 2022.

Barring any unforeseen circumstances, the Board, after taking into consideration the outlook of the general economy as well as renewable energy sector in Malaysia as set out in **Section 4** of this Circular, is of the view that the Proposed Investment may be able to contribute to the growth and prospect of enlarged OCK Group moving forward.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF THE ENLARGED OCK GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%), driven mainly by domestic demand. The strong investment activity was underpinned by the continued realisation of new and existing projects. Household spending was sustained amid positive labour market conditions and continued policy support. In the external sector, exports of goods and services continued to expand while capital and intermediate imports growth moderated. On the supply side, growth was mainly accounted for by expansion in the services sector, with increased support from both consumer-related and business-related subsectors. The manufacturing sector was supported by the E&E and primary-related clusters. The construction sector continued to record double-digit growth with robust activities in the residential, non-residential and special trade subsectors. However, growth was weighed down by contraction in the commodities sector following lower oil palm output as well as the continued decline in oil production. On a quarter-on-quarter, seasonally-adjusted basis, growth declined by 1.1% (3Q 2024: +1.9%).

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending. This provided support to the current account, leading to a continued surplus of 1.7% of GDP in 2024 (1.5% in 2023).

The Malaysian economy is expected to remain resilient in 2025. Growth will be driven by robust expansion in investment activity, resilient household spending and continued expansion in exports. Investment activities will be driven by continued progress of multi-year projects in both the private and public sectors, higher realisation of approved investments and the implementation of catalytic initiatives under the national master plans. Employment and wage growth as well as policy measures, including the upward revision of the minimum wage and civil servant salaries, would remain supportive of household spending. Exports are expected to be supported by the global tech upcycle, continued growth in non-electrical and electronics goods and higher tourist spending.

The growth outlook is subject to downside risks if growth in major trading partners slowed amid heightened risk of trade and investment restrictions, and lower-than-expected commodity production. Nevertheless, growth could potentially be higher from greater spillovers from the tech upcycle, more robust tourism activities, and faster implementation of investment projects

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

4.2 Overview and outlook of the renewable energy sector in Malaysia

Malaysia has implemented several major energy policies. The Electricity Supply Act was introduced in 1990 and then amended in 2015. The Energy Commission Act was introduced in 2001 and later amended in 2010. The National Renewable Energy Policy and Action Plan was introduced in 2010, the same year as the Malaysia New Energy Policy. The SEDA and Renewable Energy Acts followed in 2011. In 2015, the National Energy Efficiency Action Plan was introduced. The Green Technology Master Plan, introduced in 2017, covers the period to 2030. In this plan, Malaysia aims to increase the renewable energy capacity in the total generation mix to 20% by 2020 (2,080 MW, excluding large hydropower), 23% by 2025 and 30% by 2030 (4,000 MW).

The Malaysia Renewable Energy Roadmap launched at the end of 2021, outlines strategies and provides an action plan to reach the target of 40% renewable energy installed capacity or 18 GW by 2035; under its "New Capacity Target" Scenario, 7.3 GW is projected to be solar PV.

Renewable energy generation in Peninsular Malaysia covers solid waste, small hydropower, biomass, biogas, geothermal and solar. Large hydropower plants (more than 100 MW capacity) are not considered to be renewable energy. TNB's target of 20% renewable energy capacity by 2025 focuses on increasing solar generation capacity while also creating new business opportunities for big companies, small and medium enterprises, microbusinesses and households.

The latest generation development plan of Peninsular Malaysia, covering the 2021-2039 period, aims for a 31% share of renewable energy capacity by 2025, raising the initial target of 20% (excluding large hydropower plants). The renewable share in the capacity mix is projected to increase to 40% by 2035.

This will require an additional 1,178 MW of new capacity to be installed in Peninsular Malaysia by 2025 – of which the majority will be solar PV – followed by 2,414 MW between 2026 and 2035. The total installed renewable energy capacity would reach 8,531 MW by 2025 and 10,944 MW by 2035.

(Source: Malaysia Energy Transition Outlook 2023, International Renewable Energy Agency)

4.3 Overview and outlook of the solar PV sector in Malaysia

Malaysia was the leading solar PV module manufacturer in Southeast Asia until 2019, when rapid solar PV expansion and production in Vietnam overtook the top spot. By 2021, Malaysia accounted for around 4% of global solar PV module production, only 1% less than Vietnam and just above Thailand (the third leading Southeast Asian producer representing 2% of the total global solar PV production). Nevertheless, Malaysia's solar PV industry is on the rise, as a result of continuous government support, expanding renewable energy policies and investments, as well as falling costs. Malaysia and Vietnam have been the ASEAN region's biggest solar PV employers in recent years. Malaysia has strong renewable energy potential because it is located close to the equator, it has high solar irradiation throughout the year. The highest irradiation is found in Kota Kinabalu, at 1,900 kWh per square metre (m2), followed by Bayan Lepas (1,809 kWh/m2/year) and Georgetown (1,785 kWh/m2/year).

With Malaysia's current national renewable energy targets, as well as various schemes that favour installation of solar PV plants across the utility, residential, and commercial sectors, a requirement for more robust local solar PV manufacturing can present additional socio economic benefits. In the 1.5°C Scenario ("**1.5-S**") with 90% renewable generation, 1.4 GW of solar capacity expansion is needed annually until 2030, rising to 4.3 GW annually until 2050. Installations would be spread across Peninsular Malaysia, Sabah, and Sarawak, with a mix of rooftop and utility-scale systems - taking into careful consideration the availability of resources, land and demand centres.

Closer co-ordination among the relevant stakeholders from government, industry and the private sector is needed to encourage further investments in the PV module manufacturing industry. Greater attention is also needed to its synergies with battery storage and grid flexibility, especially considering the region's anticipated boom in solar PV in the coming decades. In total, IRENA's 1.5-S anticipates up to 2,400 GW of solar PV installed capacity in the ASEAN region by 2050.

(Source: Malaysia Energy Transition Outlook 2023, International Renewable Energy Agency)

As Malaysia embarks on an ambitious journey towards sustainability, the recent allocation of over RM300mil under the National Energy Transition Roadmap (NETR) signals a significant commitment to renewable energy and environmental stewardship. Collaborating with industry giants PETRONAS and TNB, the Malaysian government is setting the stage for transformative changes that position the nation as a potential leader in the sustainability space for a greener future.

Investment and financing

The energy transition in Malaysia is gaining momentum, marked by significant investments and initiatives. UEM Lestra and TNB are set to invest RM16bil to upgrade the grid and decarbonise industrial areas, while the National Energy Transition Facilitation Fund has seen its allocation increase from RM100mil to RM300mil for 2024.

To further promote sustainable energy, the Net Energy Metering (NEM) programme has been extended until June 30, 2025. Additionally, innovative projects such as the installation of solar panels on walkways and parking lots in Putrajaya, are being introduced. Moreover, new skill training initiatives led by government-linked companies like TNB are being rolled out to prepare the workforce for the evolving energy landscape.

Climate mitigation strategies

The nation is actively pursuing climate mitigation strategies, including the introduction of a carbon tax targeting the iron and steel, as well as energy industries, set to take effect by 2026. The revenue generated from this tax will be allocated to support green research and technology programmes, fostering innovation in sustainable practices. Additionally, the Green Technology Financing Scheme has been extended through 2026, with a substantial funding commitment of RM1bil. These initiatives reflect Malaysia's dedication to reducing carbon emissions and promoting green technology as part of its broader environmental goals.

The government is also incentivising carbon capture, utilisation, and storage (CCUS) activities through investment tax allowances and income tax exemptions under the New Investment Incentive Framework (NIIF).

With a clear focus on renewable energy, climate mitigation, EV development, and biodiversity preservation, Malaysia is not only addressing immediate environmental concerns but also laying the groundwork for long-term economic resilience and leadership in the green energy landscape.

(Source: The Star press article entitled "A green leap forward for Malaysia with Budget 2025", 25 October 2024)

4.4 Future prospects of enlarged OCK Group

OCK Group is principally involved in the provision of turnkey telecommunications network services, provision of renewable energy and power solutions, provision of tower facilities, utilities and communication network for mobile and broadband operators, trading of telecommunications network equipment and materials as well as provision of mechanical and electrical engineering services.

The Proposed Investment is expected to be complementary and synergistic to the existing business of OCK Group in the renewable energy segment, taking into consideration that 3SP has access to immediate stable long-term stream of cash flows which are backed by the PPA.

Based on the outlook of the renewable energy and solar PV sectors as set out in **Sections 4.2** and **4.3** of this Circular, the Group believes that the growth prospects for the solar PV industry in Malaysia is optimistic as the Malaysian Government is committed to support the growth of solar PV industry by setting a target for electricity generated from renewable energy at 20% of all power generated by 2025. The Board also takes cognisance of the Budget 2025 that entailed major initiatives to accelerate Malaysia's clean energy transition including amongst others, allocation of over RM300 million under the National Energy Transition Roadmap and continuation of the Green Technology Financing Scheme with a funding commitment of RM1 billion until 2026, which further underscores the Government's commitment in fostering a robust renewable energy sector going forward. Premised on the above, the Board is of the view that the Proposed Investment may potentially augur well for the growth prospects of the enlarged OCK Group in the future.

5. RISK FACTORS

Save as disclosed below, the Board does not foresee any material risk pursuant to the Proposed Investment except for the inherent risk factors associated with the provision of the renewable energy business, of which OCK Group is already involved, and would already be addressed as part of OCK's ordinary course of business. For avoidance of doubt, the investment by OCK in OCK's RPS through the Proposed Investment does not result in changes to the shareholding structure, direct and indirect, of 3SP.

Notwithstanding that, additional potential risks that may have an impact on the Group in relation to the Proposed Investment, which may not be exhaustive, are as follows:-

5.1 Investment risks

There is no assurance that the anticipated benefits of the Proposed Investment will be realised after the completion of the Proposed Investment. Accordingly, there can be no assurance that the anticipated benefits from the Proposed Investment will be realised, and the enlarged OCK Group will be able to generate sufficient returns vis-à-vis its investment in SPK Asia to offset the associated costs arising from the Proposed Investment.

5.2 Completion risks

The completion of the Proposed Investment is conditional upon the conditions precedent of the Investment Agreement being satisfied or waived, which are described in **Section 8 and Appendix II** of this Circular, such as the procurement of the approval or a letter of no objection in respect of the Proposed Investment from the relevant authorities (i.e. Energy Commission of Malaysia/ Minister of Energy Transition and Water Transformation/ TNB. There can be no assurance that such conditions will be satisfied or waived within the timeframe stipulated in the Investment Agreement. In the event that the condition precedents are not met/ waived, the Investment Agreement will be terminated and the Proposed Investment will not be completed.

Nevertheless, the Board will take reasonable steps to ensure that the conditions precedents are met in a timely manner and that every effort is made to obtain all necessary approvals for the Proposed Investment within the stipulated timeframe.

5.3 Business and operational risks

The Proposed Investment is subject to inherent risks in the renewable energy industry of which OCK Group is already involved in and will be addressed as part of the Group's ordinary course of business. Some of these risks may include, amongst others, changes in government policies, licensing regime, underperformance of solar projects, and extreme weather events. Any adverse changes in these conditions may have an adverse material effect on the renewable energy industry in Malaysia and the Group. The revenue and profitability of Solar Project are also dependent on a 21-year PPA with TNB, exposing it to risks such as contractual performance, regulatory changes and force majeure events. Any failure by 3SP to meet its obligations under the PPA, or any the inability of TNB (being the single buyer in the capacity of its role as the owner and operator of the national grid system in Peninsular Malaysia) to fulfil its payment commitments on a monthly basis based on the electricity output generated by the Solar Project at a fixed energy rate up to a maximum annual limit, could materially affect the financial performance of SPK Asia, JKH and 3SP.

The financial performance of SPK Asia and 3SP are dependent on the 21-year PPA and the continuous operation of its solar PV power plant. Any sudden or prolonged plant shutdown, whether due to equipment failure, technical malfunctions, grid connection issues, regulatory non-compliance, or force majeure events, could disrupt electricity generation and impair the ability of 3SP to meet its obligations under the PPA. Any failure by 3SP to meet its obligations under the PPA, or any inability of the single buyer to fulfil its payment commitments, could materially affect the financial performance of SPK Asia, JKH and 3SP.

No assurance can be given that any changes in these factors will not have any material adverse effect on OCK Group's business and financial performance.

5.4 Political, economic and regulatory risks

The future growth and financial performance of SPK Asia, JKH and 3SP could be affected by changes in, amongst others, economic growth, taxation, accounting policies and standards, regulations, government policies and political stability. Any adverse changes in these conditions could have a negative effect on the renewable energy industry and affect the financial performance and growth of SPK Asia, JKH and 3SP, which will in turn affect SPK Asia's share of profits contribution to OCK Group.

There can be no assurance that adverse economic, political and regulatory changes, any of which are beyond the control of OCK Group, will not materially affect the Solar Project of 3SP.

6. EFFECTS OF THE PROPOSED INVESTMENT

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Investment will not have any effect on the issued share capital and substantial shareholding structure of the Company as the Proposed Investment will be fully satisfied in cash and does not involve any issuance of OCK Shares.

6.2 NA per Share and gearing level

Purely for illustrative purposes, based on the latest audited consolidated statements of financial position for the FYE 31 December 2023, the pro forma effects of the Proposed Investment on the NA per Share and gearing of OCK Group are as follows:-

		I	II
	Audited as at 31 December 2023	**Subsequent events up to the LPD[*1]**	**After I and the Proposed Investment**
	RM'000	**RM'000**	**RM'000**
Share capital	300,925	309,182	309,182
Treasury shares	(1,573)	(3,097)	(3,097)
Foreign currency translation reserve	32,522	32,522	32,522
Revaluation reserve	7,118	7,118	7,118
Reverse acquisition reserve	(17,007)	(17,007)	(17,007)
Warrant reserve	12,959	12,203	12,203
Share option reserve	1,289	633	633
Other reserve	208	208	208
Retained earnings	370,460	370,460	370,310[*2]
NA	**706,901**	**712,222**	**712,072**
Non-controlling interests	88,738	88,738	88,738
Total equity	**795,639**	**800,960**	**802,373**
No. of Shares (excl. treasury shares) ('000)	1,050,992	1,064,989	1,064,989
NA per Share (RM)	0.67	0.67	0.67
Total borrowings (excl. lease liabilities)	829,958	829,958	920,958[*3]
Gearing ratio (times)	1.04	1.04	1.15

Notes:-

*[*1] After adjusting for the following from 1 January 2024 up to the LPD:-*

*a. the issuance of 5,588,632 new Shares pursuant to the exercise of warrants 2021/2026 ("**Warrant(s) B**") at the exercise price of RM0.42 Warrant B;*

*b. the issuance of 12,043,311 new Shares at the issue price of RM0.37 per Share pursuant to the conversion of employee share issuance scheme ("**ESOS**"), and*

c. the shares buy back of 3,634,700 Shares at an average price of RM0.4194 per Share.

*[*2] After deducting the estimated expenses of RM150,000 in relation to the Proposed Investment.*

*3 *Assuming the Consideration amounting to RM91.00 million (indicative) is financed entirely via bank borrowings to illustrate the potential impact of the Group's gearing position. For information and for illustration purpose only, the said indicative Consideration amount is computed based on the following:-*

As at 31 December 2024		***RM'mil***
Enterprise value	*:*	*350*
(-) Debts	*:*	*(275)*
(-) Loan Consideration	*:*	*(14)*
(+) Cash and cash equivalent and working capital	*:*	*16*
(=) Investor Investment Amount	***:***	***77***
(+) Loan Novation	*:*	*14*
(=) Consideration	***:***	***91***

Please take note that the Consideration amount is merely tentative at this juncture, and is subject to working capital, debt and cash and cash equivalent adjustments to be determined at Closing.

6.3 Earnings and EPS

Save for the potential returns in the form of dividend or distribution to be derived from the investment in OCK's RPS as may be made or declared by SPK Asia, the Proposed Investment is not expected to have any other immediate material effect on the earnings and EPS of OCK Group for the FYE 31 December 2025.

For illustration purposes only, assuming that the Proposed Investment had been effected on 1 January 2023 (being the beginning of the audited FYE 31 December 2023 of OCK), the pro forma effects of the Proposed Investment on the earnings and EPS of OCK Group are as follows:-

	Audited as at 31 December 2023	**After the Proposed Investment**
	RM'000	**RM'000**
PAT attributable to owners of the Company	36,485	38,088[*1]
Weighted average no. of Shares for basic EPS ('000)	1,054,653	1,054,653
Weighted average no. of Shares for diluted EPS ('000)	1,057,156	1,057,156
Basic EPS (sen)[*2]	**3.46**	**3.61**
Diluted EPS (sen)[*3]	**3.45**	**3.60**

Notes:-

*1 *Calculated based on the assumption that the returns in the form of dividend or distribution are derived from the investment in OCK's RPS declared by SPK Asia, which is equivalent to the PAT attributable to owner of SPK Asia excluding the one-off recognition of tax credit allowance amounting to RM27.23 million in the FYE 31 December 2023.*

*2 *Calculated by dividing the consolidated PAT attributable to owners of the Company by the weighted average no. of ordinary shares outstanding during the financial year after deducting for treasury shares.*

*3 *Calculated by dividing the consolidated PAT attributable to owners of the Company by the weighted average no. of ordinary shares outstanding during the financial year after deducting for treasury shares and adjusted for the effects of dilutive potential ordinary shares.*

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Investment pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 83.60%, calculated based on the audited net profit of SPK Asia as at 31 December 2023 against the audited net profit attributable to the owner of the Company as at 31 December 2023.

8. APPROVALS REQUIRED/ OBTAINED

The Proposed Investment is subject to the following approvals being obtained:-

i. 3SP, as applicable, shall have obtained the approval or a letter of no objection in respect of the Proposed Investment from the relevant authorities (i.e. Energy Commission of Malaysia/ Minister of Energy Transition and Water Transformation/ TNB);

ii. Zelestra shall have approved by special resolution the amended constitution of SPK Asia establishing, among others, the basic terms of the OCK's RPS to be subscribed by OCK;

iii. the approval of the shareholders of OCK at an extraordinary general meeting to be convened;

iv. no authority (i.e. Energy Commission of Malaysia and the Ministry of Energy Transition and Water Transformation) prohibiting the transaction.

As at the LPD, the above approvals/ conditions have yet been approved/ fulfilled.

The Proposed Investment is not conditional upon any proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders of the Company and/ or persons connected with them has any interest, direct or indirect, in the Proposed Investment.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered and deliberated on all aspects of the Proposed Investment, including but not limited to the terms and conditions of the Investment Agreement, basis and justification in arriving at the Consideration, the rationale and prospects, as well as the financial effects, is of the opinion that the Proposed Investment is in the best interests of the Company.

Accordingly, the Board recommends that you **vote in favour** for the resolution pertaining to the Proposed Investment to be tabled at the forthcoming EGM.

11. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Investment is expected to be completed in the second quarter of 2025. The tentative timetable for implementation is as follows:-

Date/ Timeline	Events
16 April 2025	• Convening of the forthcoming EGM
June 2025	• Fulfilment of the conditions precedent pursuant to the Investment Agreement • Completion of the Proposed Investment

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Investment, which is the subject matter of this Circular, the Board confirms that there is no other outstanding proposals, which have been announced but not yet completed as at the LPD.

13. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be conducted at Suite I & II, Mercure Kuala Lumpur Glenmarie, Jalan Kontraktor U1/14, Seksyen U1, 40150 Shah Alam, Selangor on Wednesday, 16 April 2025 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Investment.

If you are unable to participate, speak and vote in person at the EGM, the completed and signed Form of Proxy must be deposited at OCK's Registered Office at Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating, speaking and voting in person at the forthcoming EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
OCK GROUP BERHAD

YBHG. DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN
Non-Independent Non-Executive Chairman

1. HISTORY AND BUSINESS

SPK Asia was incorporated in Malaysia on 24 February 2016 under the Companies Act 1965 as a private limited company. The principal activity of SPK Asia is to serve as a holding company of SPK Asia's stake in 3SP.

Background information on 3SP

3SP was incorporated in Malaysia on 13 January 2020 under the Act as a private limited company. SPK Asia and JKH owns 49% and 51%, respectively, of the ordinary shares in 3SP. 3SP is principally involved in designing, constructing, ownership, operation and maintenance of a 90.88 MWac solar PV power plant in Sungai Petani, Kuala Muda, Kedah.

As at the LPD, 3SP owns and operates a total of 1 solar PV power plant with a total capacity of approximately 116 MW (equivalent to 90.88 MWac) located in Sungai Petani, Kuala Muda, Kedah. The solar PV power plant commenced commercial operations on 8 March 2022. 3SP secured a 21-year PPA with TNB, awarded under Malaysia's LSS3 Scheme in 2022. The PPA governs the obligations of the parties to sell and purchase the energy generated by the solar PV facility for a period of 21 years in accordance with the terms of the PPA, the details of which cannot be disclosed due to confidentiality clause binding on the parties. 3SP is holder of a generation license dated 21 January 2022 (Reference/License Number: LA 12/1/11/52 (LSS)) issued by the Energy Commission. The generation license has a duration period of 21 years from the license commencement date of 21 January 2022. The solar PV facility has an agreed rate per kWh of RM0.23.

The capacity and production output of the solar PV facility for the past 3 financial years up to the FYE 31 December 2023 are as follows:-

	Audited FYE 31 December		
	2021	2022	2023
Number of solar PV facility owned and operated	-	1	1
Total capacity in electricity generation (kWp)	-	116,094	116,094
Production output in electricity generation (kWh)	-	140,815,149	174,801,018

2. ISSUED SHARE CAPITAL

As at the LPD, the issued share capital of SPK Asia is RM28,344,431 comprising 28,344,431 ordinary shares.

As at the LPD, SPK Asia does not have any convertible securities.

3. DIRECTORS

Directors	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Joseba Andoni Olamendi Lopez	Spanish	-	-	-	-
Parantaman A/L Ramasamy	Malaysian	-	-	-	-
Luis Alvargonzalez Diaz Negrete	Spanish	-	-	-	-

4. SHAREHOLDERS

Shareholder	Nationality/ Place of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Zelestra	Spain	28,344,431	100.0	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, save for 3SP being a 49%-owned subsidiary of SPK Asia, 3SP does not have any other subsidiary, associate or joint venture companies. The details of 3SP are as follows:-

Name	Date/ Place of incorporation	Issued share capital	Equity interest	Principal activities
3SP	13 January 2020/ Malaysia	RM51,282,831	49%	Designing, constructing, ownership, operation and maintenance of the Solar Project

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, SPK Asia Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of SPK Asia is not aware and does not have any knowledge of any proceedings pending or threatened against SPK Asia Group, or of any fact likely to give rise to any proceedings which may materially affect the financial position or business of SPK Asia Group.

7. MATERIAL CONTRACTS

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

8. MATERIAL COMMITMENTS

As at the LPD, the board of directors of SPK Asia is not aware of any material commitments incurred or known to be incurred by SPK Asia Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial result/ position of SPK Asia Group.

9. CONTINGENT LIABILITIES

As at the LPD, the board of directors of SPK Asia is not aware of any contingent liabilities incurred or known to be incurred by SPK Asia Group which, upon becoming enforceable, may have a material impact on the financial results/ position of SPK Asia Group.

10. SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated financial information of SPK Asia for the past 3 financial years up to the audited FYE 31 December 2023 is set out below:-

	Audited FYE 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Revenue	-	33,244	40,586
Gross profit	-	31,358	38,008
PBT	(1,815)	3,622	3,317
PAT attributable to:-			
- owner of the company	(3,257)	(1,445)	15,212
- non-controlling interest	(200)	660	15,288
	(3,458)	**(785)**	**30,500**
Equity/ NA attributable to:-			
- owner of the company	23,450	22,005	33,966
- non-controlling interest	25,954	26,614	41,902
	49,404	**48,619**	**75,868**
Total borrowings (excl. lease liabilities)	227,978	257,527	280,865
Issued share capital	28,344	28,344	28,344
Total issued shares ('000)	28,344	28,344	28,344
PATAMI margin (%)	-	(4.35)	37.48
EPS (RM)	(0.11)	(0.05)	0.54
NA per share (RM)	0.83	0.78	1.20
Current ratio (times)	1.09	2.54	2.90
Gearing (times)	4.61	5.30	3.70
Cash flow from operating activities	(664)	55,601	32,301

For information, 3SP is 51:49 owned by JKH and SPK Asia. Pursuant to the agreements entered into between SPK Asia, 3SP and JKH, SPK Asia retains management and operational control of 3SP. Accordingly, SPK Asia consolidates the financial results of 3SP in its books.

The major component of SPK Asia's assets is property, plant and equipment amounting to RM344.22 million which constituted approximately 77.1% of its total assets of RM446.22 million as at 31 December 2023. These assets predominantly consist of plant and office equipment and freehold land in Kedah.

For the FYE 31 December 2021 to FYE 31 December 2023, there was no:-

i. exceptional or extraordinary item during the financial years under review, save for the one-off recognition of tax credit allowance amounting to RM27.23 million in the FYE 31 December 2023;

ii. accounting policy adopted by SPK Asia which are peculiar to SPK Asia because of the nature of its business or the industry it is involved in; and

iii. audit qualification of the financial statements of SPK Asia for the financial years under review.

<u>FYE 31 December 2021 vs FYE 31 December 2022</u>

For the FYE 31 December 2022, SPK Asia Group recorded revenue of RM33.24 million, compared to the preceding financial year of nil. The Solar Project generated revenue following the commencement of the solar PV power plant's commercial operations on 8 March 2022, through the sale of energy to TNB under the PPA.

FYE 31 December 2022 vs FYE 31 December 2023

For the FYE 31 December 2023, SPK Asia Group recorded revenue of RM40.59 million, compared to the preceding financial year of RM33.24 million. The increase in revenue of approximately RM7.35 million or 22.1% was mainly due to higher sale of energy recognised in the full financial year in 2023 as compared to preceding financial year which only recognised sale contribution since March 2022 onwards. At PAT level, SPK Asia Group registered a PAT of RM30.50 million mainly due to a one-off recognition of tax credit allowance amounting to RM27.23 million.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. AUDITED FINANCIAL STATEMENTS OF SPK ASIA FOR THE FYE 31 DECEMBER 2023

SOLARPACK ASIA SDN. BHD.
(Registration No. 201601005870 (1176796 - P))
(Incorporated in Malaysia)

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(In Ringgit Malaysia)

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

CONTENTS **PAGE(S)**

Directors' report	1 - 5
Independent auditors' report	6 - 9
Statements of profit or loss and other comprehensive income	10
Statements of financial position	11 - 13
Statements of changes in equity	14 - 15
Statements of cash flows	16 - 18
Notes to the financial statements	19 - 54
Statement by directors	55
Declaration by the officer primarily responsible for the financial management of the Company	56

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **SOLARPACK ASIA SDN. BHD.** have pleasure to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is engaged in operation of generation facilities that produce electric energy and installation of non-electric solar energy collectors.

The information on the name, place of incorporation/principal place of business, principal activities, and percentage of ownership by the Company in a subsidiary company is as follows:

Name of Company	Place of incorporation/ Principal place of business	Percentage of Ownership	Principal Activities
Solarpack Suria Sungai Petani Sdn. Bhd.	Malaysia	49%	Operation of generation that produce electrical energy.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Profit/(Loss) attributable to:		
Owners of the Company	15,211,831	(19,671)
Non-controlling interest	15,287,774	-
	30,499,605	(19,671)

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

Registration No. 201601005870 (1176796 - P)

DIVIDENDS

Since the end of the previous year, the directors have declared and paid the following dividend in respect of the financial year ended 31 December 2023:

	RM
Single tier quarterly dividend of 11.4661 sen per ordinary share declared on 30 June 2023 and paid on 7 December 2023	3,250,000

On 29 June 2024, the directors of the Company have declared an interim single-tier dividend of RM0.14 per share in respect of the financial year ending 31 December 2024 amounting to RM3,860,134.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment loss on receivables, and had satisfied themselves that there were no known bad debts to be written off and that no allowance for impairment loss on receivables was required; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected to realise.

Registration No. 201601005870 (1176796 - P)

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or the setting up of allowance impairment loss on receivables in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

Joseba Olamendi Lopez
Parantaman A/L Ramasamy
Luis Diaz Negrete Alvargonzalez (appointed on 30 July 2023)
Burgos Galindez Pablo (retired on 30 July 2023)

The directors who held office in the subsidiary company during the financial year and up to the date of this report are:

Chan Kok Hoe
Parantaman A/L Ramasamy
Luis Diaz Negrete Alvargonzalez (appointed on 30 July 2023)
Burgos Galindez Pablo (retired on 30 July 2023)

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or have beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year. Under the Company's Constitution, the directors are not required to hold shares in the Company.

DIRECTORS' BENEFITS

Since the end of previous financial year, none of the directors of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefits which may be deemed to have arisen by virtue of transactions mentioned in Note 6 to the financial statements. Certain directors have also received remuneration from related companies in their capacities as directors or executives of those related companies.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS, AND AUDITORS

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

HOLDING COMPANY

The Company is wholly-owned by Solarpack Corporacion Tecnologica S.A., a company incorporated in Spain. The directors regard Solarpack Corporacion Tecnologica S.A., a company incorporated in Spain, as the ultimate holding company.

Registration No. 201601005870 (1176796-P)

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 December 2023 of the Group and the Company amounting to RM97,600 and RM39,600 respectively.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors,

LUIS ALVARGONZALEZ DIAZ NEGRETE

PARANTAMAN A/L RAMASAMY

Kuala Lumpur,

28 AUG 2024

Registration No. 201601005870 (1176796 - P)

Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

P.O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel: +60 3 7610 8888
Fax: +60 3 7726 8986
myaaa@deloitte.com
www.deloitte.com/my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SOLARPACK ASIA SDN. BHD.

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SOLARPACK ASIA SDN. BHD.**, ("the Company") and its subsidiary company (collectively referred to as "the Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 54.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

(Forward)

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 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 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

(Forward)

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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(Forward)

Registration No. 201601005870 (1176796 - P)

Other Matters

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

CHIAM CHEE HOOI
Partner - 03622/12/2025 J
Chartered Accountant

Kuala Lumpur,

28 August 2024

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		The Group		The Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Revenue	3	40,585,538	33,244,455	3,462,194	8,953,185
Cost of sales		(2,577,221)	(1,886,057)	(1,973,870)	(1,387,391)
Gross profit		38,008,317	31,358,398	1,488,324	7,565,794
Other income		413,717	317,090	234,469	753,681
Other operating expenses		(16,115,644)	(15,186,557)	(1,581,635)	(2,265,305)
Finance cost		(18,989,561)	(12,867,302)	(131,891)	(399,592)
Profit before tax	4	3,316,829	3,621,629	9,267	5,654,578
Tax credit/(expense)	5	27,182,776	(4,407,053)	(28,938)	(1,298,332)
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year		30,499,605	(785,424)	(19,671)	4,356,246
Attributable to:					
- owner of the Company		15,211,831	(1,445,464)	(19,671)	4,356,246
- non-controlling interest		15,287,774	660,040	-	-
		30,499,605	(785,424)	(19,671)	4,356,246

The accompanying Notes form an integral part of the Financial Statement

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		The Group		The Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
ASSETS					
Non-current Assets					
Property, plant and equipment	6	344,217,755	356,227,629	-	-
Right-of-use assets	7	30,821,184	31,772,612	62,892	53,123
Investment in a subsidiary company	8	-	-	25,128,588	25,128,588
Amount owing from a subsidiary company	11	-	-	4,150,433	9,578,185
Deferred tax assets	9	24,118,826	-	-	-
Total Non-current Assets		399,157,765	388,000,241	29,341,913	34,759,896
Current Assets					
Trade receivables	10	5,975,488	5,743,334	-	-
Amount owing from a subsidiary company	11	-	-	671,741	-
Amount owing from other related company	11	228,702	22,149	228,702	22,149
Other receivables, deposits and prepayment	12	3,376,501	4,137,177	97,206	1,350,917
Contract costs	13	241,190	778,220	241,190	778,220
Income tax recoverable		629,147	-	629,147	-

(Forward)

Registration No. 201601005870 (1176796 - P)

	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Short-term funds placed with financial institutions	14	34,502,617	4,730,000	-	-
Cash and bank balances	14	2,113,000	6,998,264	935,872	6,628,303
Total Current Assets		47,066,645	22,409,144	2,803,858	8,779,589
TOTAL ASSETS		446,224,410	410,409,385	32,145,771	43,539,485
EQUITY AND LIABILITIES					
Share capital	15	28,344,432	28,344,432	28,344,432	28,344,432
Retained earnings/ (Accumulated losses)	16	5,621,984	(6,339,847)	3,422,702	6,692,373
Equity attributable to owner of the Company		33,966,416	22,004,585	31,767,134	35,036,805
Non-controlling interest	8	41,901,816	26,614,042	-	-
Total Equity		75,868,232	48,618,627	31,767,134	35,036,805
Non-current Liabilities					
Amount owing to ultimate holding company	11	-	3,895,280	-	3,895,280
Amount owing to other related company	11	2,250,637	9,771,339	-	-
Provision for dismantling cost	17	48,163,003	46,080,179	-	-
Lease liabilities	18	32,616,636	32,591,638	5,271	4,584
Borrowings	19	271,085,835	257,526,897	-	-
Deferred tax liabilities	9	-	3,108,721	-	-
Total Non-current Liabilities		354,116,111	352,974,054	5,271	3,899,864

(Forward)

Registration No. 201601005870 (1176796 - P)

		The Group		The Company	
	Note	**2023**	**2022**	**2023**	**2022**
		RM	**RM**	**RM**	**RM**
Current Liabilities					
Trade payables	20	124,434	406,244	101,172	157,214
Other payables and accruals	21	4,771,979	3,772,298	211,854	1,278,022
Amount owing to ultimate holding company	11	-	2,782,361	-	2,782,361
Lease liabilities	18	1,564,460	1,523,898	60,340	53,316
Borrowings	19	9,779,194	-	-	-
Provision for taxation		-	331,903	-	331,903
Total Current Liabilities		16,240,067	8,816,704	373,366	4,602,816
Total Liabilities		370,356,178	361,790,758	378,637	8,502,680
TOTAL EQUITY AND LIABILITIES		446,224,410	410,409,385	32,145,771	43,539,485

The accompanying Notes form an integral part of the Financial Statement.

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

The Group	Note	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total RM	Non-controlling interests RM	Total RM
As at 1 January 2022		28,344,432	(4,894,383)	23,450,049	25,954,002	49,404,051
Total comprehensive loss the year		-	(1,445,464)	(1,445,464)	660,040	(785,424)
As at 31 December 2022/ 1 January 2023		28,344,432	(6,339,847)	22,004,585	26,614,042	48,618,627
Dividend	22	-	(3,250,000)	(3,250,000)	-	(3,250,000)
Total comprehensive income for the year		-	15,211,831	15,211,831	15,287,774	30,499,605
As at 31 December 2023		28,344,432	5,621,984	33,966,416	41,901,816	75,868,232

(Forward)

Registration No. 201601005870 (1176796 - P)

The Company	Note	Share capital RM	Retained earnings RM	Total RM
As at 1 January 2022		28,344,432	2,336,127	30,680,559
Total comprehensive income for the year		-	4,356,246	4,356,246
As at 31 December 2022/ 1 January 2023		28,344,432	6,692,373	35,036,805
Dividend	22	-	(3,250,000)	(3,250,000)
Total comprehensive loss for the year		-	(19,671)	(19,671)
As at 31 December 2023		28,344,432	3,422,702	31,767,134

The accompanying notes form an integral part of the financial statements.

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	3,316,829	3,621,629	9,267	5,654,578
Adjustments for:				
Depreciation of property, plant and equipment	12,149,064	10,087,597	-	-
Depreciation of right-of-use assets	1,011,737	858,206	50,540	57,209
Interest expense	18,989,561	12,867,302	131,891	399,592
Unrealised loss/(gain) on foreign exchange	229,296	(210,793)	229,296	(210,793)
Interest income	(410,750)	(52,971)	(234,470)	(502,562)
Operating Profit Before Working Capital Changes	35,285,737	27,170,970	186,524	5,398,024
(Increase)/Decrease in:				
Trade receivables	(232,154)	(5,743,334)	-	-
Other receivables, deposits and prepayment	760,676	(1,356,486)	1,253,711	(639,706)
Contract costs	537,030	(778,220)	537,030	(778,220)
Amount owing from other related company	(206,553)	(22,149)	(206,553)	(22,149)
Increase/(Decrease) in:				
Provision for dismantling cost	-	44,087,427	-	-
Amount owing to ultimate holding company	-	(221,539)	-	-
Amount owing to other related company	-	84,552	-	-
Trade payables	(281,810)	(1,277,006)	(56,042)	118,699
Other payables and accruals	(2,556,474)	(5,332,139)	(1,066,168)	409,255

(Forward)

Registration No. 201601005870 (1176796 - P)

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash Generated From Operations	33,306,452	56,612,076	648,502	4,485,903
Income tax paid	(1,167,173)	(1,011,218)	(1,151,341)	(1,011,218)
Income tax refunded	161,353	-	161,353	-
Net Cash From/(Used In) Operating Activities	32,300,632	55,600,858	(341,486)	3,474,685
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment (a)	(139,190)	(77,131,855)	-	-
Interest received	410,750	52,971	11,771	-
Repayment from/ (Advances to) a subsidiary company	-	-	4,978,710	(127,738)
Net Cash From/(Used In) Investing Activities	271,560	(77,078,884)	4,990,481	(127,738)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Dividend paid	(3,250,000)	-	(3,250,000)	-
Drawdown of borrowings	285,000,000	44,548,854	-	-
Repayment of borrowings	(257,526,897)	(15,000,000)	-	-
Transaction costs related to borrowings	(4,134,971)	-	-	-
Interest paid	(11,458,470)	(7,981,304)	-	-
Withdrawal/(Placement) of short-term funds placed with financial institutions	4,730,000	(4,730,000)	-	-
Repayment to other related companies	(7,752,492)	(4,210,428)	-	(4,210,428)
Repayment of lease liabilities	(1,525,273)	(1,493,946)	(54,690)	(56,150)
Repayment to ultimate holding company	(7,036,736)	(395,874)	(7,036,736)	(395,874)
Net Cash (Used In)/From Financing Activities	(2,954,839)	10,737,302	(10,341,426)	(4,662,452)

(Forward)

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	29,617,353	(10,740,724)	(5,692,431)	(1,315,505)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	6,998,264	17,738,988	6,628,303	7,943,808
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (Note 14)	36,615,617	6,998,264	935,872	6,628,303

(a) Property, plant and equipment were acquired by the following means:

	The Group	
	2023	2022
	RM	RM
Cash purchases	139,190	77,131,855
Interest expenses*	-	49,867
Depreciation on right-of-use assets*	-	364,429
	139,190	77,546,151

* Represent interest on lease liabilities and depreciation on right-of-use assets capitalised in property, plant and equipment.

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents include cash and bank balances and other short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to a known amount of cash with insignificant risk of change in value.

Registration No. 201601005870 (1176796 - P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANY

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

1. GENERAL INFORMATION

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

The principal activity of the Company is engaged in operation of generation facilities that produce electric energy and installation of non-electric solar energy collectors.

The registered office is located at Unit 23A-2, Level 23A, Oval Tower, Menara Permata, No. 685 Jalan Damansara, 60000 Kuala Lumpur. The principal place of the business of the Company is located at SO 21-3, Menara 1, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur.

The Company is wholly-owned by Solarpack Corporacion Tecnologica S.A., a company incorporated in Spain. The directors regard Solarpack Corporacion Tecnologica S.A., a company incorporated in Spain, as the ultimate holding company.

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Group and the Company.

The financial statements of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 28 August 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Adoption of New and Amendments to MFRSs

In the current financial year, the Group and the Company have adopted all the new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2023 as follows:

MFRS 17	Insurance Contract
Amendments to:	
MFRS 17	Insurance Contracts
MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definition of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising From a Single Transaction
MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of these new and amendments to MFRSs, did not result in significant changes in the accounting policies of the Group and the Company and had no significant effect on the financial performance or position of the Group and the Company, except for the following:

<u>Amendments to MFRS 101 *Disclosures of Accounting Policies*</u>

The Group and the Company have adopted the amendments to MFRS 101 for the first time in the current year. The amendments change the requirements in MFRS 101 with regard disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group and the Company have applied materiality guidance in MFRS Practice Statement 2 *Making Materiality Judgements* in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Amendments to MFRS 112 *International Tax Reform - Pillar Two Model Rules*

The Group and the Company have adopted the amendments to MFRS 112 for the first time in the current year. The scope of MFRS 112 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in MFRS 112, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group and the Company is required to disclose that they have applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The amendments have no impact on the Group and on the Company in the current year as management has determined that the Group and the Company are not in scope of the Pillar Two model rules.

New and Amendments to MFRSs in Issue But Not Yet Effective

At the date of authorization for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 18	Presentation and Disclosure in Financial Statements[4]
MFRS 19	Subsidiaries without Public Accountability: Disclsoure[4]
Amendments to:	
MFRS 7 and MFRS 107	Supplier Finance Arrangements[1]
MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
MFRS 16	Lease Liability in a Sale and Leaseback[1]
MFRS 101	Classification of Liabilities as Current or Non-current[1]
MFRS 101	Non-Current Liabilities with Covenants[1]
MFRS 121	Lack of Exchangeability[2]
MFRS 7 and MFRS 9	Classification and Measurement of Financial Instruments[3]

(Forward)

[1] Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.
[5] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

The directors anticipate that the abovementioned new and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these new and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial recognition.

Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 8 - Control assessment in related to investment in a subsidiary company
Note 9 - Recognition of deferred tax assets from Green Investment Tax Allowance

3. REVENUE

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers	40,585,538	33,244,455	3,462,194	8,953,185
Timing of revenue recognition				
At a point in time:				
Sales of solar energy	40,585,538	33,244,455	-	-
Over time:				
Consulting services	-	-	3,462,194	8,953,185
	40,585,538	33,244,455	3,462,194	8,953,185

The Group sells electricity generated through its self-constructed solar plant to electric utility company, Tenaga Nasional Berhad, under a 21-year renewable energy power purchase agreement. Revenue is recognised upon deliver by kilowatt-hour to the utility company's grid and acceptance by the utility company.

The Company expects revenue from unsatisfied performance obligation for financial year ended 31 December 2023 amounting to RMNil (2022: RM2,364,700) to be recognised in next financial year.

Registration No. 201601005870 (1176796 - P)

4. PROFIT BEFORE TAX

Profit before tax have been arrived at after charging/(crediting):

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expenses:				
- Advances from ultimate holding company (Note 11)	129,799	395,874	129,799	395,874
- Advances from related company (Note 11)	231,789	438,523	-	-
- Borrowings	15,014,625	8,765,812	-	-
- Lease liabilities	1,530,524	1,274,341	2,092	3,718
- Unwinding of discount from provision for dismantling cost (Note 17)	2,082,824	1,992,752	-	-
	18,989,561	12,867,302	131,891	399,592
Depreciation of:				
- Property, plant and equipment (Note 6)	12,149,064	10,087,597	-	-
- Right-of-use assets (Note 7)	1,011,737	858,206	50,540	57,209
Employee benefit expenses	790,920	1,148,646	521,565	951,760
Auditors' remuneration:				
- Current year	97,600	92,800	37,800	37,800
- (Over)/Underprovision for prior year	(18,800)	15,000	-	-
Interest income:				
- Advances from a subsidiary company (Note 11)	-	-	(222,699)	(502,562)
- Short-term funds placed with a financial institution	(410,750)	(52,971)	(11,771)	-
Loss/(Gain) on foreign exchange:				
- Unrealised	229,296	(210,793)	229,296	(210,793)
- Realised	156,205	(38,051)	156,091	(40,326)

Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incurs in connection with borrowing of funds.

Borrowing costs 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs recognised in profit or loss in the period in which they are incurred.

Employee benefit expenses

Employee benefit expenses include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and all other payroll costs. Contributions to EPF of the Group and of the Company during the current financial year amounted to RM122,487 (2022: RM117,079) and RM92,985 (2022: RM95,145) respectively.

5. TAX (CREDIT)/EXPENSE

Tax (credit)/expense recognised in profit or loss comprises:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax expense:				
Current year	414,960	1,298,332	414,960	1,298,332
Overprovision in prior year	(370,189)	-	(386,022)	-
	44,771	1,298,332	28,938	1,298,332
Deferred tax:				
Current year (Note 9)	(27,227,547)	3,108,721	-	-
Tax (credit)/expense	(27,182,776)	4,407,053	28,938	1,298,332

A reconciliation of tax (credit)/expense applicable to profit before tax at the statutory income tax rate to tax (credit)/expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before tax	3,316,829	3,621,629	9,267	5,654,578
Tax at applicable statutory tax rate of 24% (2022: 24%)	796,039	869,191	2,224	1,357,099
Tax effects of:				
- expenses not deductible for tax purposes	257,412	4,340,598	421,802	56,784
- non-taxable income	-	-	-	(120,615)
Deferred tax asset not recognised	-	5,064	-	5,064
Utilisation of previously unrecognised deferred tax assets	(58,920,362)	(807,800)	(9,066)	-
Effect of deferred tax assets recognised	31,054,324	-	-	-
Overprovision of current tax expense in prior year	(370,189)	-	(386,022)	-
Total tax (credit)/expense	(27,182,776)	4,407,053	28,938	1,298,332

The Group received an approval from Malaysia Green Technology and Climate Corporation on 4 July 2023 for the application of Green Investment Tax Allowance ("GITA") amounting RM242,841,130 and that the Group may utilise its GITA to offset against 70% of its Statutory Income for every year of assessment.

6. PROPERTY, PLANT AND EQUIPMENT

Freehold land and capital work-in-progress are not depreciated, depreciation of other property, plant and equipment is recognised so as to write off the cost of assets less residual values over their useful lives, using the straight line method, on the following bases:

Plant	30 years
Office equipment	10% to 20%

Registration No. 201601005870 (1176796 - P)

The Group	Freehold Land RM	Plant RM	Office equipment RM	Capital work-in-progress RM	Total RM
Cost					
As at 1 January 2022	2,110,425	-	4,241	286,658,650	288,773,316
Additions	-	44,087,426	-	33,458,725	77,546,151
Transfers	-	318,849,941	72,040	(318,921,981)	-
As at 31 December 2022/1 January 2023	2,110,425	362,937,367	76,281	1,195,394	366,319,467
Additions	-	-	-	139,190	139,190
Transfers	-	1,334,584	-	(1,334,584)	-
As at 31 December 2023	2,110,425	364,271,951	76,281	-	366,458,657
Accumulation depreciation					
As at 1 January 2022	-	-	(4,241)	-	(4,241)
Charged for the year	-	(10,081,594)	(6,003)	-	(10,087,597)
As at 31 December 2022/1 January 2023	-	(10,081,594)	(10,244)	-	(10,091,838)
Charged for the year	-	(12,141,860)	(7,204)	-	(12,149,064)
As at 31 December 2023	-	(22,223,454)	(17,448)	-	(22,240,902)
Net carrying value					
As at 31 December 2022	2,110,425	352,855,773	66,037	1,195,394	356,227,629
As at 31 December 2023	2,110,425	342,048,497	58,833	-	344,217,755

The Company	**Office equipment RM**
Cost	
As at 31 December 2022/2023	4,241
Accumulated Depreciation	
As at 31 December 2022/2023	(4,241)
Net Carrying Amount	
As at 31 December 2022/2023	-

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM4,241 (2022: RM4,241).

As at 31 December 2023, property, plant and equipment of the Group with total carrying amount of RM344,217,755 (2022: RM356,227,629), were charged to local bank as security for credit facilities obtained as disclosed in Note 19.

7. RIGHT-OF-USE ASSETS

	The Group		**The Company**	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Cost				
As at 1 January	33,912,413	33,802,081	110,332	-
Addition	-	110,332	-	110,332
Lease remeasurement	60,309	-	60,309	-
As at 31 December	33,972,722	33,912,413	170,641	110,332
Accumulated Depreciation				
As at 1 January	(2,139,801)	(1,121,396)	(57,209)	-
Charge for the year	(1,011,737)	(1,018,405)	(50,540)	(57,209)
As at 31 December	(3,151,538)	(2,139,801)	(107,749)	(57,209)
Net Carrying Value				
As at 31 December	30,821,184	31,772,612	62,892	53,123

The Group leases several lands with lease term of 35 years. The Group and the Company lease office building with average lease term of 27 months.

During the financial year, the Group and the Company leases motor vehicles with lease term of less than 12 months whereby the Group and the Company apply the "short-term lease" exemption for this lease.

As at 31 December 2023, the lease contracts of the Group with a total carrying amount of RM30,758,292 (2022: Nil) charged to local bank as security for credit facility obtained as disclosed in Note 19.

Depreciation capitalised in carrying amount of another asset

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Recognised in profit or loss (Note 4)	1,011,737	858,206	50,540	57,209
Capitalised into property, plant and equipment	-	160,199	-	-

8. INVESTMENT IN A SUBSIDIARY COMPANY

	The Company	
	2023 RM	**2022 RM**
Unquoted shares, at cost:	25,128,588	25,128,588

The detail of the subsidiary company is as follows:

Name of Company	Country of Incorporation and Operation	Effective Equity Interest 2023 %	Effective Equity Interest 2022 %	Principal Activities
Solarpack Suria Sungai Petani Sdn. Bhd.	Malaysia	49%	49%	Operation of generation facilities that produce electric energy.

The Company is a substantial shareholder of Solarpack Suria Sungai Petani Sdn. Bhd.. In relation to this, the Company has demonstrated the power to control over Solarpack Suria Sungai Petani Sdn. Bhd. as stated in shareholder agreement. Therefore, in according to MFRS 10 *Consolidated Financial Statements*, such investment is treated as consolidating as a subsidiary company.

The Group's subsidiary company that has a material non-controlling interests ("NCI") are as follows:

Subsidiary company name	**NCI percentage of ownership interest and voting interest (%)**	**Carrying amount of NCI**	**Profit allocated to NCI**
31 December 2023			
Solarpack Suria Sungai Petani Sdn. Bhd.	51%	41,901,816	15,287,774
31 December 2022			
Solarpack Suria Sungai Petani Sdn. Bhd.	51%	26,614,042	660,040

Summaries financial information in respect of each of the Group's subsidiary company that has material non-controlling interests is set out below. The summaries financial information below represents amounts before intragroup eliminations.

	2023 RM	**2022 RM**
Solarpack Suria Sungai Petani Sdn. Bhd.		
Current assets	44,934,528	13,629,555
Non-current assets	412,025,609	401,336,934
Current liabilities	(16,538,442)	(4,213,888)
Non-current liabilities	(358,261,272)	(358,568,205)
	82,160,423	52,184,396
Equity attributable to owners of the Company	40,258,607	25,570,354
Non-controlling interests	41,901,816	26,614,042
	82,160,423	52,184,396

(Forward)

	2023 RM	2022 RM
Revenue	40,585,538	33,244,455
Profit for the year/Total comprehensive income	30,060,197	1,294,196
Profit attributable to:		
Equity holders of the Company	14,772,423	634,156
Non-controlling interests	15,287,774	660,040
	30,060,197	1,294,196
Net cash inflow from operating activities	34,899,907	59,686,145
Net cash inflow/(outflow) from investing activities	259,789	(84,511,118)
Net cash inflow from financing activities	150,088	15,399,754
Net cash inflow/(outflow)	35,309,784	(9,425,219)

Investment in subsidiary company which is eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Group and the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current liability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Key sources of estimation uncertainty

Although the Group owns less than half of the ownership interest in its subsidiary company and less than half of the voting power of its subsidiary, the directors have determined that the Group controls its subsidiary company. The Group controls the subsidiary company by virtue of an agreement with its other investor. The Group also able to exercise significant influence to appoint majority directors of the Board of Directors of the subsidiary and has huge influence in policy making processes of the subsidiary.

Registration No. 201601005870 (1176796 - P)

9. DEFFERRED TAX (ASSETS)/LIABILITIES

As detailed in Note 5, the Group received an approval from Malaysia Green Technology and Climate Corporation on 4 July 2023 for the application of Green Investment Tax Allowance ("GITA") and that the Group may utilise its GITA to offset against 70% of its Statutory Income for every year of assessment. Deferred tax assets arising from GITA were recognised to the extent that it is probable that taxable profits will be available against which the unused GITA can be utilised.

The Group	**As at 1 January RM**	**Recognised in profit or loss (Note 5) RM**	**As at 31 December RM**
2023			
Deferred tax liability			
Property, plant and equipment	7,906,681	22,115,642	30,022,323
Right-of-use assets	7,612,677	(230,687)	7,381,990
	15,519,358	21,884,955	37,404,313
Deferred tax assets			
Lease liabilities	(8,173,833)	(13,884)	(8,187,717)
Other temporary differences	(3,263)	(44,892)	(48,155)
Unused capital allowances	(3,507,923)	(22,549,050)	(26,056,973)
Unused GITA	-	(27,230,294)	(27,230,294)
Unused tax losses	(725,618)	725,618	-
	(12,410,637)	(49,112,502)	(61,523,139)
Net	3,108,721	(27,227,547)	(24,118,826)

(Forward)

The Group	**As at 1 January RM**	**Recognised in profit or loss (Note 5) RM**	**As at 31 December RM**
2022			
Deferred tax liability			
Property, plant and equipment	-	7,906,681	7,906,681
Right-of-use assets	-	7,612,677	7,612,677
	-	15,519,358	15,519,358
Deferred tax assets			
Lease liabilities	-	(8,173,833)	(8,173,833)
Other temporary differences	-	(3,263)	(3,263)
Unused capital allowances	-	(3,507,923)	(3,507,923)
Unused tax losses	-	(725,618)	(725,618)
	-	(12,410,637)	(12,410,637)
Net	-	3,108,721	3,108,721

As of 31 December 2023, the estimated deductible temporary differences for which the deferred tax asset has not been recognised in the financial statements due to uncertainty of its realisation is as follows:

	The Group		**The Company**	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Unused tax losses				
YA 2030	906,588	-	-	-
YA 2031	1,780,121	-	-	-
	2,686,709	-	-	-
Unused GITA	113,459,558	-	-	-
Other temporary differences	125,849	163,625	125,849	163,625
	116,272,116	163,625	125,849	163,625

The unused tax losses of the Group generated in 2021 and 2020 can be carried forward for a maximum of 10 years of assessment and will expire in 2031 and 2030 respectively, or when there is a substantial change in shareholders (of 50% or more), whichever earlier, under the current tax legislation. If there is substantial change in shareholders, unused capital allowances and tax losses of the Group will not be available to the Group.

Key sources of estimation uncertainty

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unused capital allowances, unused GITA and other temporary differences to extent that it is probable that taxable profit will be available against which the tax losses, capital allowances, investment tax allowances and temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level future taxable profits together with future tax planning strategies.

10. TRADE RECEIVABLES

	The Group	
	2023	2022
	RM	RM
Trade receivables	5,975,488	5,743,334

The trade receivables balances are denominated in Ringgit Malaysia.

Trade receivables of the Group mainly comprises of outstanding balance owing from customer with credit term of 30 days (2022: 30 days). No interest is charged on the outstanding balance of trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 90 days past due, whichever occurs earlier.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised the loss allowance because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired trade receivables:

	2023 RM	2022 RM
Not past due	2,899,235	2,938,357
Number of days past due		
1 - 30 days	3,076,253	2,804,977
	5,975,488	5,743,334

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. There is no individual loss allowance for trade receivable.

11. HOLDING COMPANY, SUBSIDIARY COMPANY AND RELATED COMPANIES TRANSACTIONS

The Company is wholly-owned by Solarpack Corporacion Tecnologica S.A., a company incorporated in Spain. The directors regard Solarpack Corporacion Tecnologica S.A., a company incorporated in Spain, as the ultimate holding company.

Amount owing from a subsidiary company, which arose mainly from management fee and payments made on behalf, is unsecured, interest-free and repayable on demand except for loan receivables of RM2,162,365 (2022: RM9,398,864) included in amount due from a subsidiary company is unsecured, with annual interest of 6% (2022: 6%), and repayment in 1 year from "Expiration Date" ("ED") unless agreement is earlier terminated. In the event "ED" arrives and does not repay or has not repaid any amounts due, the loan shall automatically extend for successive periods of 1 year automatically. In which, ED refers to 1 year from the day agreement were signed, i.e. 29 May 2021. As at 29 May 2023, condition has been satisfied and the said loan has been extended for the following years until further request on payment. The Company will not request payment from its subsidiary company within the next 12 months unless there are voluntary repayment made by the subsidiary company.

Amount owing from other related company, which arose mainly from project management fee and payments made on behalf, is unsecured, interest-free and repayable on demand.

In year 2022, amount owing to ultimate holding company, which arose mainly from payments made on behalf was unsecured, interest-free and repayable on demand except for loan payables RM3,895,280 was unsecured, with annual interest of 6% and repayment in 6 years from signing of agreement dated 29 May 2021. The Company fully repaid the loan on 30 April 2023.

The non-current portion of the amount owing to other related company, which arose mainly from loan payables is unsecured, with annual interest of 6%, and repayment in 1 year from "Expiration Date" ("ED") unless agreement is earlier terminated. In the event "ED" arrives and does not repay or has not repaid any amounts due, the loan shall automatically extended for successive periods of 1 year automatically. In which, ED refers to 1 year from the day agreement were signed, i.e. 29 May 2021. As of 29 May 2023, condition has been satisfied and the said loan has been extended for the following years until further request on payment. The other related company will not request for payment from the Group within the next 12 months unless there are voluntary payment made by the Group.

The currency exposure profiles of amount owing from/(to) ultimate holding company, other related companies and a subsidiary company are as follows:

	The Group	
	2023	**2022**
	RM	**RM**
Amount owing from other related company		
Ringgit Malaysia	228,702	22,149
Amount owing to ultimate holding company		
Euro Dollar	-	(6,677,641)
Amount owing to other related companies		
Ringgit Malaysia	(2,250,637)	(9,771,339)

	The Company	
	2023	**2022**
	RM	**RM**
Amount owing from a subsidiary company		
Ringgit Malaysia	4,822,174	9,578,185
Amount owing from other related company		
Ringgit Malaysia	228,702	22,149
Amount owing to ultimate holding company		
Euro Dollar	-	(6,677,641)

Registration No. 201601005870 (1176796 - P)

Significant transactions undertaken on agreed terms and prices with ultimate holding company, related companies and a subsidiary company as at year end of ultimate holding companies during the financial year are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ultimate holding company:				
Solarpack Corporacion Tecnologica S.A.				
Loan	-	6,677,641	-	6,677,641
Project management fees	-	423,536	-	423,536
Interest expense (Note 4)	129,799	395,874	129,799	395,874
Related companies:				
Solarpack Ingenueria S.L.U				
Project management fees	-	114,402	-	114,402
JKH Renewables Sdn. Bhd.				
Interest expenses (Note 4)	231,789	438,523	-	-
Solarpack Suria Sungai Petani Sdn. Bhd.				
Consultancy fee	-	-	3,462,194	8,953,185
Interest income (Note 4)	-	-	222,699	502,562
Management fee	-	-	-	67,886

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other receivables	-	1,273,917	-	1,273,917
Deposit	1,093,010	1,092,710	77,300	77,000
Prepayment	1,965,811	1,769,550	-	-
Advance to supplier	317,680	1,000	19,906	-
	3,376,501	4,137,177	97,206	1,350,917

13. CONTRACT COSTS

	The Group and the Company	
	2023	2022
	RM	RM
Costs to fulfil a contract	241,190	778,220

Costs of fulfil a contract comprise of costs relate directly to satisfy performance obligation in the future which are recoverable. There was no amortisation nor impairment loss in relation to cost capitalised as the Group and the Company do not expect any material effect to the financial statements of the Group and of the Company.

14. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term funds placed in financial institutions	34,502,617	4,730,000	-	-
Cash and bank balances	2,113,000	6,998,264	935,872	6,628,303
	36,615,617	11,728,264	935,872	6,628,303
Less: Short-term funds pledged as security	-	(4,730,000)	-	-
	36,615,617	6,998,264	935,872	6,628,303

The effective interest rates of short-term funds placed with a financial institution is 2.65% (2022: 0.90%) with maturity of one month (2022: one month).

As at 31 December 2022, short-term funds placed with financial institutions was charged to local bank as security for Bridge Loan Facility obtained as disclosed in Note 19.

15. SHARE CAPITAL

	The Group and the Company			
	Number of shares		2023	2022
	2023	2022	RM	RM
Issued and fully paid with no par value:				
Ordinary shares:				
As at 1 January/31 December	28,344,432	28,344,432	28,344,432	28,344,432

16. RETAINED EARNINGS

The entire retained earnings of the Company is available for distribution as single-tier dividends.

17. PROVISION FOR DISMANTLING COST

The Group provides provision for dismantling cost on solar plant over 30 years of useful life. Movements during the financial year in the amount recognised in the statement of financial position in respect of the provision for dismantling cost are as follows:

	The Group	
	2023	2022
	RM	RM
As at beginning of the year	46,080,179	-
Provision for dismantling cost	-	44,087,427
Unwinding of discount (Note 4)	2,082,824	1,992,752
As at end of the year	48,163,003	46,080,179

The provision for dismantling costs are capitalised as part of the costs of the property, plant and equipment and are amortised over their useful lives. The provisions are measured at the present value of the aggregate future costs and are reported under non-current liabilities. Whenever the provision is re-measured, the present value of the changes in the liability is either added to or deducted from the cost of the related capitalised item of property, plant and equipment. The amount deducted from the cost of the related asset may not exceed its carrying amount. Any excess is taken directly to income.

18. LEASE LIABILITIES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Represented by:				
Current	1,564,460	1,523,898	60,340	53,316
Non-current	32,616,636	32,591,638	5,271	4,584
	34,181,096	34,115,536	65,611	57,900
Maturity analysis:				
Not later than 1 year	1,564,460	1,523,898	60,340	53,316
Later than 1 year but not later than 5 years	6,372,901	6,230,138	5,271	4,584
Later than 5 years	26,243,735	26,361,500	-	-
	34,181,096	34,115,536	65,611	57,900

The lease liabilities of the Group comprise lease of land. The rental tenure is 35 years with the option of extended or terminated term in line with Power Purchase Agreement ("PPA") contract which has the option to extend after 21 years, up to 9 years up to 30 November 2055.

The lease liabilities of the Group and of the Company comprises the lease of office building with lease terms of 27 months.

The incremental borrowing rate of the Group and of the Company at financial reporting date on the obligation under leases ranges from 4.52% to 6.63% (2022: 4.06% to 4.52%) per annum. The incremental borrowing rate of the Company at financial reporting date on the obligation under leases was 6.63% (2022: 4.06%) per annum.

19. BORROWINGS

	The Group 2023 RM	The Group 2022 RM
Non-current		
ASEAN Green SRI Sukuk Wakalah	271,085,835	-
Bridge loan facility	-	257,526,897
	271,085,835	257,526,897
Current		
ASEAN Green SRI Sukuk Wakalah	9,779,194	-
	280,865,029	257,526,897

The non-current portion of the borrowings are repayable as follows:

	The Group 2023 RM	The Group 2022 RM
Later than 1 year and not later than 5 years	49,118,589	257,526,897
Later than 5 years	221,967,246	-
	271,085,835	257,526,897

<u>ASEAN Green SRI Sukuk Wakalah</u>

On 20 February 2023, the Group entered into a deed of assignment with Malaysia Trustees Berhad in relation to the issuance of ASEAN Green SRI Sukuk Wakalah of up to RM305,000,000 in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar.

On 6 April 2023, the Group issued ASEAN Green SRI Sukuk Wakalah amounted to RM285,000,000 to refinance its solar photovoltaic plant. The Sukuk is repayable upon maturity which is every successive period of 6 months with first repayment to commence on 5 April 2024. It bears interest at rates ranging from 4.40% to 5.78% per annum, with weighted average interest rate at the end of the financial year of 5.28% (2022: Nil) and was based on the Securities Commission's Sustainable and Responsible Investment ("SRI") Sukuk Framework ("Green SRI Sukuk Wakalah").

The borrowings of the Group are subject to the fulfillment of the following significant covenants of the subsidiary:

(a) the D:E Ratio shall not exceed 90:10 at all times;

(b) the debt service cover ratio ("DSCR") shall be at least 1.25 times based on the latest available audited financial statements of the subsidiary; and

(c) the distribution debt service cover ratio ("Distribution DSCR") shall be at least 1.65 times.

The borrowings of the Group are secured by the following:

(a) legal charge over property, plant and equipment of the subsidiary as disclosed in Note 6;

(b) a charge over leases of the subsidiary in relation to the Project as disclosed in Note 7.

(c) a debenture over the fixed and floating charges over present and future assets of the subsidiary;

(d) a pledge of all rights, interests, titles, and benefits, including proceeds under the following:

    (i) the Project Documents, excluding the Project's Licence;

    (ii) all performance and/or maintenance, guarantees, advance payment bonds and other forms of payment or performance security issued in favour of the Issuer pursuant to any Project Documents; and

    (iii) all Takaful contracts/insurance policies required for the Project.

<u>Bridge Loan Facility</u>

In 2022, the loan was repayable by one bullet repayment at the end of the Bridge Loan Facility tenure, which was three years from the date of the first utilization of the facility on March 8, 2021. It bore interest at a rate of 1.25% per annum above the cost of funds, with a weighted average interest rate at the end of the financial year of 3.80%. The Group fully repaid the loan during the financial year 2023.

The loan was subject to the fulfillment of the following significant covenants of the subsidiary:

(a) the D:E Ratio shall not exceed 80:20 at all times; and

(b) the DSCR shall be at least 1.25 times based on the latest available audited financial statements of the subsidiary.

The loan was secured by debenture over the fixed and floating assets over all present and future assets of the subsidiary.

20. TRADE PAYABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables	124,434	406,244	101,172	157,214

Trade payables mainly comprises of outstanding material purchase with credit term of 90 days to 120 days (2022: 90 days to 120 days).

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables	129,997	180,956	62,841	175,550
Accrued expenses	4,641,982	3,591,342	149,013	1,102,472
	4,771,979	3,772,298	211,854	1,278,022

22. DIVIDEND

	The Group and the Company	
	2023	2022
	RM	RM
Single tier quarterly dividend of 11.4661 sen per ordinary share declared on 30 June 2023 and paid on 7 December 2023	3,250,000	-

On 29 June 2024, the directors of the Company have declared an interim single-tier dividend of RM0.14 per share in respect of the financial year ending 31 December 2024 amounting to RM3,860,134.

Registration No. 201601005870 (1176796 - P)

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Company's statements of cash flows as cash flows from financing activities.

The Group	As at 1 January 2023 RM	Financing cash flows RM	Non-financing cash flows RM	Other changes RM	As at 31 December 2023 RM
Amount owing to ultimate holding company	6,677,641	(7,036,736)	229,296	129,799	-
Amount owing to other related companies	9,771,339	(7,752,492)	-	231,789	2,250,636
Lease liabilities	34,115,536	(1,525,273)	60,309	1,530,524	34,181,096
Borrowings	257,526,897	11,879,662	-	11,458,470	280,865,029
	308,091,413	(4,434,839)	289,605	13,350,582	317,296,761

The Group	As at 1 January 2022 RM	Financing cash flows RM	Non-financing cash flows RM	Other changes RM	As at 31 December 2022 RM
Amount owing to ultimate holding company	7,109,973	(395,874)	(432,332)	395,874	6,677,641
Amount owing to other related companies	13,458,692	(4,210,428)	84,552	438,523	9,771,339
Lease liabilities	33,970,712	(1,493,946)	364,429	1,274,341	34,115,536
Borrowings	227,978,043	21,567,550	-	7,981,304	257,526,897
	282,517,420	15,467,302	16,649	10,090,042	308,091,413

Registration No. 201601005870 (1176796 - P)

The Company	As at 1 January 2023 RM	Financing cash flows RM	Non-financing cash flows RM	Other changes RM	As at 31 December 2023 RM
Amount owing to ultimate holding company	6,677,641	(7,036,736)	229,296	129,799	-
Lease liabilities	57,900	(54,690)	60,309	2,092	65,611
	6,735,541	(7,091,426)	289,605	131,891	65,611

The Company	As at 1 January 2022 RM	Financing cash flows RM	Non-financing cash flows RM	Other changes RM	As at 31 December 2022 RM
Amount owing to ultimate holding company	6,888,434	(395,874)	(210,793)	395,874	6,677,641
Amount owing to other related companies	4,210,428	(4,210,428)	-	-	-
Lease liabilities	-	(56,150)	110,332	3,718	57,900
	11,098,862	(4,662,452)	(100,461)	399,592	6,735,541

Other changes of reconciliation of liabilities are representing interest charges incurred during the year.

Registration No. 201601005870 (1176796 - P)

24. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(i) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going-concern while maximising the return to stakeholders through the optimisation of the capital structure. The directors monitor and review the Group's capital structure based on its business and operating requirements. The Group's overall strategy remains unchanged from previous financial year.

(ii) Categories of Financial Instruments

The table below provide on analysis of financial instruments categorised as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
At amortised cost:				
Trade receivables	5,975,488	5,743,334	-	-
Amount owing from a subsidiary company	-	-	4,822,174	9,578,185
Amount owing from other related Company	228,702	22,149	228,702	22,149
Other receivables and deposits, net of prepayment	1,410,690	2,367,627	97,206	1,350,917
Contract costs	241,190	778,220	241,190	778,220
Short-term funds placed with financial institutions	34,502,617	4,730,000	-	-
Cash and bank balances	2,113,000	6,998,264	935,872	6,628,303

(Forward)

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial liabilities				
At amortised cost:				
Amount owing to ultimate holding company	-	6,677,641	-	6,677,641
Amount owing to other related company	2,250,637	9,771,339	-	-
Trade payables	124,434	406,244	101,172	157,214
Other payables and accruals	4,771,979	3,772,298	211,854	1,278,022
Borrowings	280,865,029	257,526,897	-	-
Lease liabilities	34,181,096	34,115,536	65,611	57,900

(iii) **Financial risk management**

The operations of the Group and of the Company are subject to various financial risks which include foreign currency risk, credit risk, interest rate risk, liquidity risk and cash flow risk in connection with its use or holding of financial instruments. The Group and the Company have adopted a financial risk management framework with the principal objective of effectively managing risks and minimising any potential adverse effects on the financial performance of the Group and of the Company.

Foreign currency risk

The Group and the Company undertake certain transactions denominated in foreign currencies where the amounts outstanding are exposed to foreign currency risk. The Group and the Company monitor its foreign exchange exposure on an ongoing basis.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets at the end of the reporting period are as disclosed in Note 11.

Foreign currency sensitivity

The following table details the Group's and the Company's sensitivity to a 2% (2022: 10%) increase and decrease in the relevant foreign currencies against RM. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% (2022: 10%) change in foreign currency rates. A positive/(negative) number below indicates an increase/(decrease) in profit or loss where the relevant currency fluctuates by 2% against RM.

Registration No. 201601005870 (1176796 - P)

		The Group Impact if currency fluctuates			The Company Impact if currency fluctuates	
	Carrying amount RM	+2% RM	-2% RM	Carrying amount RM	+2% RM	-2% RM
2023						
Financial Liabilities						
Euro						
Amount owing to ultimate holding company	-	-	-	-	-	-

		The Group Impact if currency fluctuates			The Company Impact if currency fluctuates	
	Carrying amount RM	+10% RM	-10% RM	Carrying amount RM	+10% RM	-10% RM
2022						
Financial Liabilities						
Euro						
Amount owing to ultimate holding company	6,677,641	667,764	667,764	6,677,641	667,764	667,764

Cash flow risk management

The Group and the Company review its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company use its own trading records to rate its major customers. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

At the end of the reporting period, 100% (2022: 100%) of the Group's trade receivables were due from one (2022: One) major customer. At the end of the reporting period, the Company did not have any significant exposure to any individual customer or counter party other than amount due from a subsidiary.

The Group's exposure to credit risk arises principally from trade receivables and other related company. The Group does not monitor the amount due from trade receivables and other related company as the credit risk is deemed to be low.

The Company's exposure to credit risk arises principally from a subsidiary company. The Company does not monitor the amount due from a subsidiary company as the credit risk is deemed to be low.

The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's and the Company's maximum exposure to credit risk.

The credit risk on liquid funds is limited because the counterparties are reputable banks.

Liquidity risk

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funds to meet the requirements of working capital.

The Group and the Company review its cash flow position regularly to manage its exposure to fluctuation in future cash flows associated with its monetary financial instruments.

Registration No. 201601005870 (1176796 - P)

The table below summaries the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

	Carrying amount RM	Incremental borrowing rate %	Contractual cash flows RM	Less than 1 year RM	1 to 5 years RM	More than 5 years RM
The Group						
31 December 2023						
Trade payables	124,434	-	124,434	124,434	-	-
Other payables and accruals	4,771,979	-	4,771,979	4,771,979	-	-
Amount owing to other related company	2,250,637	6%	2,379,935	-	2,379,935	-
Lease liabilities	34,181,096	4.52% - 6.63%	70,229,899	1,568,461	6,373,250	62,288,188
Borrowings	280,865,029	4.40% - 5.78%	448,897,538	24,768,926	103,962,547	320,166,065
31 December 2022						
Trade payables	406,244	-	406,244	406,244	-	-
Other payables and accruals	3,772,298	-	3,772,298	3,772,298	-	-
Amount owing to other related company	9,771,339	6%	9,771,339	-	9,771,339	-
Amount owing to ultimate holding company	6,677,641	6%	6,677,641	2,782,361	3,895,280	-
Lease liabilities	34,115,536	4.06% - 4.52%	71,689,811	1,525,272	6,230,154	63,934,385
Borrowings	257,526,897	3.22% - 4.63%	267,568,698	-	267,568,698	-

Registration No. 201601005870 (1176796 - P)

	Carrying amount RM	Incremental borrowing rate %	Contractual cash flows RM	Less than 1 year RM	1 to 5 years RM	More than 5 years RM
The Company						
31 December 2023						
Trade payables	101,172	-	101,172	101,172	-	-
Other payables and accruals	211,854	-	211,854	211,854	-	-
Lease liabilities	65,611	6.63%	69,961	64,341	5,620	-
31 December 2022						
Trade payables	157,214	-	157,214	157,214	-	-
Other payables and accruals	1,278,022	-	1,278,022	1,278,022	-	-
Amount owing to ultimate holding company	6,677,641	6%	6,677,641	2,782,361	3,895,280	-
Lease liabilities	57,900	4.06%	59,290	54,690	4,600	-

Interest rate risk management

The Group's and the Company's exposure to changes in interest rates relates primarily to the amount owing to ultimate holding company, other related company and borrowings. It has no significant interest-bearing financial assets or liabilities other than amount owing to ultimate holding company, other related company and borrowings. The Group and the Company do not use derivative financial instruments to hedge its risk.

Sensitivity analysis for interest rate risk

As at the reporting date, if interest rates had been 50 basis points (2022: 50 basis points) lower/higher, with all other variables held constant, the profit after tax of the Group would have been RM1,067,287 (2022: RM960,628) lower/higher, arising mainly from lower/higher interest expense on short-term funds placed with a financial institution and borrowing. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Fair values

The fair values of financial instruments refer to the amount of which the instruments would be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The carrying amounts of the financial assets and financial liabilities recognised at amortised cost in the statements of financial position approximate to their fair values.

- **Borrowings:**

  The fair values of the borrowings are estimated by discounting the expected future cash flows using current interest rates for liabilities with similar types of borrowing arrangements and risk profiles. As at the end of the reporting period, the Group does not hold financial instruments carried at fair values in the statement of financial position. The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shows in the statement of financial position.

(Forward)

	The Group	
	2023	**2022**
	RM	**RM**
Borrowings		
Fair value of financial instruments not carried at fair value and classified at Level 3	266,636,992	257,526,897
Carrying amount	280,865,029	257,526,897

25. CAPITAL COMMITMENTS

As of December 31, 2023, the Group has the following commitments in respect of the acquisition of land:

	The Group	
	2023	**2022**
	RM	**RM**
Approved and contracted for	2,140	42,140

26. COMPARATIVE FIGURES

Comparative figures of the Company has been reclassified to conform with the current year's presentation so as to reflect appropriate presentation of the financial statements of the Company.

Statements of Financial Position

	As previously reported RM	Re-classification RM	As reclassified RM
Current Assets			
Amount owing from a subsidiary company	9,578,185	(9,578,185)	-
Non-current Assets			
Amount owing from a subsidiary company	-	9,578,185	9,578,185

Registration No. 201601005870 (1176796-P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **SOLARPACK ASIA SDN. BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board as approved by the Board
in accordance with a resolution of the directors,

LUIS ALVARGONZALEZ DIAZ NEGRETE

PARANTAMAN A/L RAMASAMY

Kuala Lumpur,

28 AUG 2024

Registration No. 201601005870 (1176796-P)

SOLARPACK ASIA SDN. BHD.
(Incorporated in Malaysia)

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHAN KOK HOE** (I/C No: 720408-10-5179), the officer primarily responsible for the financial management of **SOLARPACK ASIA SDN. BHD.** do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

CHAN KOK HOE

Subscribed and solemnly declared by the abovenamed **CHAN KOK HOE** at Kuala Lumpur, on this 28 AUG 2024

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
W 909
LEE CHIN HOCK
BC/L/1681
1.2.2022 - 31.12.2024
MALAYSIA

SO-27-05, Strata Office,
Menara 1, KL Eco City, Jalan Bangsar,
59200 Kuala Lumpur

1.0 Agreement

The Investment Agreement outlines the subscription by OCK of the OCK's RPS in SPK Asia, on Closing. Additionally, on Closing, the Loan Novation will take place, through the signing of the corresponding loan novation agreement in favour of OCK (or its nominated entity within OCK Group), as well as, if approved by SPK Asia's shareholder, the redemption of the RPS held by Zelestra* in SPK Asia ("**Zelestra's RPS**").

* *For information, one (1) Zelestra's RPS of RM1.00 will be issued and allotted to Zelestra following 3SP having obtained the approval from the relevant authorities. Such issued RPS held by Zelestra shall be redeemed as part of the Proposed Investment transaction. Both parties will collaborate to ensure the issuance of OCK's RPS, the assignment or novation of the loan agreement in favour of OCK or its nominated entity, and the execution of other required transactions.*

2.0 Consideration

2.1 Investor Investment Amount

The consideration for the OCK's RPS in SPK Asia to be paid by OCK in cash will be determined on Closing based on the following calculations

Investor Investment Amount	=	Enterprise value of RM350.00 million	-	Loan Consideration	+	Est. working capital adjustment	-	Est. debt	+	Est. cash and cash equivalent

The estimates forming the Investor Investment Amount are subject to customary closing accounts adjustments which shall be settled between OCK and Zelestra. If there are disagreements, they are resolved through a review and resolution process involving both parties and potentially an expert.

2.2 Loan Consideration

The Loan Consideration shall be paid on Closing to Zelestra. As at the LPD, RM14,225,265.09 in principal amount under the loan remains outstanding; the rest of the consideration would be allocated to the Investor Investment Amount.

3.0 Conditions Precedent & Interim Period

3.1 Conditions Precedent

The conditions precedent under the Investment Agreement are as follows:-

i. 3SP, as applicable, shall have obtained the approval or a letter of no objection in respect of the Proposed Investment from the relevant authorities;

ii. Zelestra shall have approved by special resolution the amended constitution of SPK Asia establishing, among others, the basic terms of the OCK's RPS to be subscribed by OCK;

iii. the approval of the shareholders of OCK at an extraordinary general meeting to be convened;

iv. no authority prohibiting the transaction.

3.2 Subject to any stricter or more onerous obligation imposed on any party as expressly provided in the Investment Agreement, each party shall use all commercially reasonable efforts to do, or cause to be done, all things necessary, proper or advisable to the extent permissible under applicable Law and insofar as such matters are within its respective control, to ensure that the Conditions are satisfied as soon as possible after the date hereof and in any event not later than the Long Stop Date, i.e. 12 months after the date of the Investment Agreement.

3.3 The conditions are for the benefit of both parties and can be waived jointly.

3.4 Interim period

The business of SPK Asia and 3SP must be conducted in the ordinary course and certain actions can only take place with OCK's prior consent. Exceptions to these restrictions are outlined, allowing for certain actions in the ordinary course of business or as required by law.

4.0 Closing

4.1 Closing shall take place during a certain period of time after the satisfaction of the conditions precedent where all necessary closing actions to effect the redemption of Zelestra's RPS (when approved by Zelestra as its shareholder), and the subscription and payment of the OCK's RPS in consideration for the Investor Investment Amount, will be carried out. During the closing period, the Loan Novation will take place through the signing of a loan novation agreement, the form of which is appended to the Investment Agreement.

5.0 Warranties found to be untrue after Closing

5.1 Zelestra shall only be liable vis-à-vis OCK under the Investment Agreement for losses arising as a consequence of:-

a. inaccuracies of Zelestra's Warranties;

b. the situations where Zelestra shall indemnify OCK in accordance with the Investment Agreement; and

c. any non-fulfilment or breach of any covenant, obligation or undertaking made by Zelestra, or before Closing, SPK Asia, in the Investment Agreement.

5.2 Zelestra's liability in connection with the Zelestra's Warranties is limited by customary *de minimis*, basket as a true deductible and maximum monetary limits. Zelestra's Warranties are qualified by matters fairly disclosed or otherwise that are within OCK's knowledge.

5.3 For the purposes of 5.1 and 5.2, "Zelestra Warranties" refers to the warranties given by Zelestra in respect of Zelestra, SPK Asia and 3SP, including but not limited to incorporation, capacity and authority of Zelestra, SPK Asia and 3SP, authorisations to enter into the Investment Agreement, ownership of shares in SPK and 3SP, accounts, books and records, validity of contracts and compliance with applicable laws.

6.0 Right to terminate

6.1 Mutual termination

The Investment Agreement may be terminated upon the mutual written agreement of the parties.

6.2 Non-satisfaction or Waiver of Conditions

6.2.1 The Investment Agreement may be terminated by Zelestra or by OCK, in the event that any of the Conditions have not been satisfied or waived prior to the Long Stop Date; provided, however, that if:-

A. any of the Conditions have not been satisfied wholly or partly as a result of a failure by OCK to perform its obligations under the Investment Agreement, OCK may not terminate the Investment Agreement pursuant to 6.2.1; or

B. any of the Conditions have not been satisfied wholly or partly as a result of a failure by the Company or Zelestra to perform its obligations under the Investment Agreement, Zelestra may not terminate the Investment Agreement pursuant to 6.2.1.

6.2.2 If the Investment Agreement is terminated under this 6.2.1, no party shall have any liability or further obligation to any other party, except as otherwise provided in 6.5 and 6.6.

6.2.3 Notwithstanding the foregoing, nothing in 6.2.1 shall be deemed to limit or otherwise affect Zelestra's right to enforce the remedies set forth in 6.3, if applicable.

6.3 Breach of Certain Investor's Undertakings

6.3.1 The Investment Agreement may be terminated by Zelestra if OCK fails to comply with any of its obligations under the Investment Agreement.

6.3.2 Zelestra's right to terminate the Investment Agreement pursuant to 6.3 shall not exclude, limit or restrict its right to seek specific performance or to make a claim against OCK for all losses incurred in the terms set out in the Investment Agreement.

6.4 Breach of Closing Actions

The Investment Agreement may be terminated by Zelestra or by OCK (as applicable) in accordance with the Investment Agreement, if any closing action (or part thereof) within the control of a party is not performed by such party as soon as reasonably practicable during the closing period, and in any case before the end of such closing period or by both Zelestra and OCK jointly in accordance of the Investment Agreement if any closing action (or part thereof) which is not within the control of a party is not completed by the Closing.

6.5 Upon a termination of the Investment Agreement, each party's further rights and obligations hereunder, other than the surviving provisions, which shall survive indefinitely, shall terminate; provided, however, that such termination shall not affect any rights or obligations of a party which may have accrued prior to such termination, including indemnification rights.

6.6 Upon termination of the Investment Agreement because of breach of closing actions, each party shall:-

A. promptly repay on demand in readily available funds any payments that have been made in accordance with the Investment Agreement prior to the date of such termination, and any such payments (which shall be made gross of any deductions for tax) shall be received by the party that originally made the payment in exactly the same amounts and in the same currency as the payments which were originally made by it to the paying party;

B. any documents that have been executed in accordance with the other closing actions shall be deemed not be, and to never have been, effective;

C. any shares in SPK Asia that have been formally issued to OCK in accordance with the closing actions shall be cancelled and the register of members of SPK Asia duly updated; and

D. execute, or procure the execution of, such documents and instruments as may be required to give effect to the above and to ensure that, as far as reasonably practicable and each Party is put back in the situation it would have been in prior to the closing period.

7.0 Governing Law and Dispute Resolution

7.1 The Investment Agreement shall be governed by and construed in accordance with the laws of Malaysia.

7.2 Disputes are to be resolved through arbitration under the International Chamber of Commerce rules, with the arbitration site being Singapore.