

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SOLARVEST HOLDINGS BERHAD (“SOLARVEST” OR “COMPANY”) DATED 30 SEPTEMBER 2019 (“ELECTRONIC PROSPECTUS”)

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

Website

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

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M&A Securities Sdn Bhd (“M&A Securities”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Solarvest take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 30 September 2019 and will close at 5.00 p.m. on 11 November 2019. In the event there is any change to the timetable, Solarvest will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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

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

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

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



SOLARVEST HOLDINGS BERHAD
(Company No. 1247778-U)
(Incorporated in Malaysia)

SELANGOR (HQ)

D-36-06, 3 Two Square, No. 2, Jalan 19/1,
46300 Petaling Jaya, Selangor, Malaysia.

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E invest@solarvest.my

The assets or properties in the photos shown at the front and back of this Prospectus do not belong to the Group.

SOLARVEST®

SOLARVEST HOLDINGS BERHAD
(Company No. 1247778-U)
(Incorporated in Malaysia)

PROSPECTUS



PROSPECTUS



SOLARVEST HOLDINGS BERHAD
(Company No. 1247778-U)
(Incorporated in Malaysia)

**Adviser, Sponsor, Underwriter and
Placement Agent**



M&A SECURITIES SDN BHD
(15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia
Securities Berhad)

**This Prospectus Is Dated
30 September 2019**

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING THE PUBLIC ISSUE OF 98,828,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 19,531,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 19,531,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 20,703,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 39,063,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AT AN ISSUE PRICE OF RM0.35 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

This Prospectus has been registered by the SC. The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 141.

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

THE ISSUE OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

Our Directors and Promoters (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

Admission to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") is not to be taken as an indication of the merits of our IPO, our Company, or our shares.

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

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

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 27 May 2019. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The Securities Commission Malaysia ("SC") has on 30 May 2019 approved the resultant equity structure of our Company under the equity requirement for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC based on the audited combined financial statements for the financial year ended 31 March 2019. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

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

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

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

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

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

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

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

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

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

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

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

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

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

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

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

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative dates
Opening of Application	30 September 2019
Closing Date of Application	11 November 2019
Balloting of Application	14 November 2019
Allotment of Issue Shares to successful applicants	21 November 2019
Date of Listing	26 November 2019

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Solarvest" and "Company" in this Prospectus are to Solarvest Holdings Berhad (1247778-U). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our services;
- (ii) Our business strategies;
- (iii) Our future plans;
- (iv) Our financial position;
- (v) Our future earnings, cash flows and liquidity; and
- (vi) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) The economic, political and investment environment in Malaysia and globally; and
- (ii) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

"Atlantic Blue"	:	Atlantic Blue Sdn Bhd (686139-X)
"Atlantic Blue Group"	:	Atlantic Blue and its subsidiaries, collectively
"Powertrack"	:	Powertrack Sdn Bhd (1173857-K)
"Solarvest Energy"	:	Solarvest Energy Sdn Bhd (1194560-T)
"Solarvest Energy (SR)"	:	Solarvest Energy (SR) Sdn Bhd (1320152-A)
"Solarvest" or "Company"	:	Solarvest Holdings Berhad (1247778-U)
"Solarvest Group" or "Group"	:	Solarvest and its subsidiaries, collectively

GENERAL:

"AB Holdings"	:	Atlantic Blue Holdings Sdn Bhd (1240450-P)
"ACE Market"	:	ACE Market of Bursa Securities
"Acquisition"	:	Acquisition by Solarvest of the entire share capital of Atlantic Blue from the Atlantic Blue Vendors for a purchase consideration of RM26,261,600, wholly satisfied by the issuance of 291,795,555 new Shares at an issue price of RM0.09 per share, which was completed on 15 July 2019
"Act"	:	Companies Act, 2016
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	:	M&A Securities
"Application"	:	Application for Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	Printed application form for the application of Issue Shares accompanying this Prospectus
"Atlantic Blue Vendors"	:	Chin Hin and AB Holdings, collectively
"ATM"	:	Automated Teller Machines
"ASEAN"	:	Association of Southeast Asian Nations
"Board"	:	Board of Directors of Solarvest

DEFINITIONS (Cont'd)

"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"Capitalisation of Advances"	:	Settlement of RM7,200,000, being advances owing by Atlantic Blue to Lim Chin Siu, Tan Chyi Boon and Datuk Seri Chiau Beng Teik via the issuance of 7,200,000 RPS at an issue price of RM1.00 per share
"CAGR"	:	Compound annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Chin Hin"	:	Chin Hin Group Berhad (1097507-W)
"Closing Date"	:	The date adopted in this Prospectus as last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets & Services Act 2007
"Constitution"	:	Constitution of our Company
"Depository Rules"	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"Divine Inventions"	:	Divine Inventions Sdn Bhd (1119952-P)
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our Issue Shares through a Participating Financial Institution's ATM
"Energy Commission"	:	Energy Commission of Malaysia, the regulator for the energy industry in Peninsular Malaysia and Sabah. The regulator for the electrical supply industry in Sarawak is Electrical Inspectorate Unit, which is under the jurisdiction of Ministry of Utilities Sarawak
"EPCC"	:	Engineering, procurement, construction and commissioning
"EPS"	:	Earnings per share
"FYE 31 March"	:	Financial year(s) ended 31 March

DEFINITIONS (Cont'd)

"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR"	:	Protégé Associates Sdn Bhd (675767-H), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled Strategic Analysis of the Solar Photovoltaic Industry in Malaysia and Overview of the Solar Photovoltaic Industry in Vietnam and Taiwan, dated 3 September 2019
"Internal Restructuring"	:	Internal restructuring of our Group comprising the Capitalisation of Advances and Acquisition
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application as listed in Section 16.6
"Internet Share Application"	:	Application for Issue Shares through an online share application service provided by the Internet Participating Financial Institution
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue
"IPO Price"	:	Issue price of RM0.35 per Issue Share
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
"Issue Share(s)"	:	New Share(s) to be issued under the Public Issue
"ISO"	:	International Organisation for Standardisation
"IT"	:	Information technology
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM60,851,410 comprising 390,623,655 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising the Public Issue and Listing, collectively
"LPD"	:	31 August 2019, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MFRS"	:	Malaysian Financial Reporting Standards

DEFINITIONS (Cont'd)

"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry Malaysia
"NA"	:	Net assets
"NL"	:	Net liabilities
"NBV"	:	Net book value
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 19,531,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"PP Chin Hin Realty"	:	PP Chin Hin Realty Sdn Bhd (963099-V)
"Promoters"	:	AB Holdings, Chin Hin, Lim Chin Siu and Tan Chyi Boon, collectively
"Prospectus"	:	This prospectus dated 30 September 2019 in relation to our IPO
"Public Issue"	:	Public issue of 98,828,000 Issue Shares at our IPO Price
"QMS"	:	Quality management system
"ROC"	:	Registrar of Companies
"RPS"	:	Redeemable preference shares in Atlantic Blue
"SEDA"	:	Sustainable Energy Development Authority, a statutory body formed under the Sustainable Energy Development Authority Act 2011. The key role of SEDA is to promote the deployment of sustainable energy measures as part of the solutions towards achieving energy security and autonomy
"SC"	:	Securities Commission Malaysia
"Share(s)" or "Solarvest Share(s)"	:	Ordinary share(s) in Solarvest
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"sq ft"	:	Square feet
"TNB"	:	Tenaga Nasional Berhad (200866-W)

DEFINITIONS (Cont'd)

"Underwriting Agreement" : Underwriting agreement dated 21 August 2019 entered into between Solarvest and M&A Securities for the purpose of our IPO

"UK" : United Kingdom

CURRENCIES:

"RM" or "sen" : Ringgit Malaysia and sen respectively

"SGD" : Singapore Dollar

"USD" : United States Dollar

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"AC"	: Alternating current, where electric current is able to change the direction in which it flows
"BIPV"	: Building integrated PV refers to a type of solar PV design where solar PV panels are integrated into the building structure, and are used to replace roof, skylights or facade
"bonus FIT rate"	: Bonus FIT rate for solar PV is granted when the criteria prescribed by SEDA is met. Details of the criteria are set out in Section 7.2.3
"DC"	: Direct current, which refers to electric current that flows in one direction only
"Displaced Cost"	: The average cost of generating and supplying one kWh of electricity from non-renewable resources up to the point of interconnection. The prevailing Displaced Cost is available in http://seda.gov.my/prevailing_displaced_cost.html/
"Distribution Licencees"	: Companies licenced by Energy Commission to distribute electricity (e.g. TNB which is the main electricity provider in Peninsular Malaysia, Sabah Electricity Sdn Bhd which distributes electricity in Sabah and Labuan and NUR Power Sdn Bhd which distributes electricity in Kulim Hi-Tech Industrial Park). The company responsible to distribute electricity in Sarawak is Sarawak Energy Berhad In relation to the solar PV plant owned by Atlantic Blue in Pokok Sena, we have signed a REPPA with TNB under the FIT mechanism.
"Feed-in Approval Holder"	: Individual or company who holds a "feed-in approval" certificate issued by SEDA. Feed-in Approval Holders are eligible to sell renewable energy at the FIT rate
"FIT"	: Feed-in tariff
"FIT mechanism"	: The FIT mechanism in Malaysia obliges Distribution Licencees to buy renewable energy generated by individual or company who holds a "feed-in approval" certificate issued by SEDA according to FIT rate for specific duration which ranges from 16 to 21 years. The FIT mechanism ceased to accept applications and was replaced by the NEM mechanism in 2016 and all installation related to FIT mechanism must be completed by 31 December 2017, unless otherwise extended by SEDA in a case-by-case basis Under the FIT mechanism, the Feed-in Approval Holders will receive monthly cash payment from the Distribution Licencees.

TECHNICAL GLOSSARY (Cont'd)

"FIT rate" : Fixed premium rate payable for each unit of renewable energy sold to Distribution Licensees. FIT rate differs for different renewable resources and installed capacities. The FIT rate is determined when the approval is granted by SEDA and is fixed for the entire REPPA period. The FIT rate is published at <http://www.seda.gov.my/>

The FIT rates in 2016, 2017, 2018 and 2019 are as follows:

Year	FiT rates per kWh (RM)
2016	0.4162 to 0.8249
2017	0.5041 to 0.7424
2018	0.4285 to 0.6682
2019	0.3642 to 0.6014

"GW" : Gigawatt, is a unit of electric power equal to 1,000,000,000 watts

"IPP" : Independent power producer

"kW" : Kilowatt, is a unit of electric power equal to 1,000 watts

"kWh" : Kilowatt hour, is a composite unit of energy equivalent to one kW of power sustained for one hour

"kWp" : Kilowatt peak, the maximum possible output in DC of a solar PV system operating under standard conditions such as ambient temperature and irradiation angle

"LSSPV" : Large scale solar PV, a utility-scale solar PV system designed to supply generated electricity to electricity grid. LSSPV plants in Malaysia are developed at a scale of at least 1MW, up to 50MW. The Malaysian Government has in 2019 announced the increase in maximum capacity to 100MW for LSSPV plants in Peninsular Malaysia

"MW" : Megawatt, is a unit of electric power equal to 1,000,000 watts

"MWac" : Megawatt, the possible output of a solar PV system measured in AC to the electricity grid

"MWp" : Megawatt peak, the maximum possible output in DC of a solar PV system operating under standard conditions such as ambient temperature and irradiation angle

"PV" : Photovoltaics, refers to conversion of light into electricity using semiconducting materials

"NEM" : Net energy metering

TECHNICAL GLOSSARY (Cont'd)

"NEM mechanism"	: A mechanism that was first introduced in 2016 to replace the FIT mechanism. Under the NEM mechanism in Malaysia, generated energy will be consumed first with excess being exported and sold to Distribution Licencees at the prevailing Displaced Cost prescribed by the Energy Commission. The prevailing Displaced Cost ranges from RM0.2380 per kWh to RM0.3100 per kWh in Peninsular Malaysia and RM0.2100 per kWh to RM0.3000 per kWh in Sabah & Labuan, depending on the type of renewable energy connection point. The prevailing Displaced Cost has not changed since 1 May 2014. It is available in http://seda.gov.my/prevailing_displaced_cost.html/ The mechanism was later revised in 2018 where excess electricity generated is offset against electricity consumed on a unit to unit basis and owners of solar PV system will receive a credit to their electricity bill which is to be utilised within a maximum of 24 months. The mechanism caters to four categories of customers, namely residential, commercial, industrial and agricultural sectors. The revised NEM mechanism was implemented in January 2019
"REPPA"	: Renewable energy power purchase agreement signed between Distribution Licencees and Feed-in Approval Holders
"renewable energy"	: Electricity generated or produced from renewable resources
"renewable resources"	: Recurring and non-depleting biogas, biomass, small hydropower, solar PV and geothermal resources
"SARE"	: Supply Agreement for Renewable Energy, a programme introduced by TNB that provides customers with the options of either a solar leasing, solar power purchase agreement or a combination of both
"watt"	: A unit of power that is used to quantify the rate of energy

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality/ Profession	Gender
Dato' Che Halin Bin Mohd Hashim	Independent Non- Executive Chairman	No. 3, Jalan Pilus Dua 27/24B Subang Alam Residence Seksyen 27 40400 Shah Alam Selangor	Malaysian/ Director	Male
Lim Chin Siu	Managing Director	No. 19, Taman Lavender Jalan Lencong Barat 05400 Alor Setar Kedah	Malaysian/ Director	Male
Tan Chyi Boon	Executive Director	2349-D, Lorong Peringgi 05100 Alor Setar Kedah	Malaysian/ Director	Male
Chiau Haw Choon	Non-Independent Non-Executive Director	B-22-1, Kondominium Gembira Residen 2 Jalan Senangria Taman Gembira 58200 Kuala Lumpur	Malaysian/ Director	Male
Chang Kong Foo	Independent Non- Executive Director	2279-A, Lorong Peringgi Off Jalan Bakar Bata 05100 Alor Setar Kedah	Malaysian/ Accountant	Male
Fong Shin Ni	Independent Non- Executive Director	No. 43, Jalan Setia Bakti 9 Damansara Heights 50490 Kuala Lumpur	Malaysian/ Lawyer	Female

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1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Chang Kong Foo	Chairman	Independent Non-Executive Director
Dato' Che Halin Bin Mohd Hashim	Member	Independent Non-Executive Chairman
Fong Shin Ni	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Che Halin Bin Mohd Hashim	Chairman	Independent Non-Executive Chairman
Chang Kong Foo	Member	Independent Non-Executive Director
Fong Shin Ni	Member	Independent Non-Executive Director
Chiau Haw Choon	Member	Non-Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Fong Shin Ni	Chairwoman	Independent Non-Executive Director
Dato' Che Halin Bin Mohd Hashim	Member	Independent Non-Executive Chairman
Chang Kong Foo	Member	Independent Non-Executive Director
Chiau Haw Choon	Member	Non-Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chang Kong Foo	Chairman	Independent Non-Executive Director
Fong Shin Ni	Member	Independent Non-Executive Director
Chong Chun Shiong	Member	Group Chief Executive Officer

COMPANY SECRETARIES

: Teo Soon Mei (MAICSA 7018590)
(Chartered Secretary, Fellow of the Malaysian Institute of Chartered Secretaries and Administrators and Master of Corporate Governance)

No. 7-1, Jalan 109F, Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur

Lean Siew Ting (MIA 42465)
(Member of the Malaysian Institute of Accountants)

No. 11, Taman Pelangi Fasa 4
05050 Alor Setar
Kedah

1. CORPORATE DIRECTORY (*Cont'd*)

REGISTERED OFFICE	: No. 7-1, Jalan 109F, Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Telephone: 03-7982 2010
HEAD OFFICE	: D-36-06, 3 Two Square No. 2, Jalan 19/1 46300 Petaling Jaya Selangor Telephone: 03-7625 3211
EMAIL ADDRESS AND WEBSITE	: Email address: invest@solarvest.my Website: http://solarvest.my
AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO	: Ecovis Malaysia PLT (LLP0003185-LCA) & (AF 001825) No. 9-3, Jalan 109F, Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Telephone: 03-7981 1799 Partner's name: Chua Kah Chun Approved number: 02696/09/2019 (J) <i>(Chartered Accountant, Fellow of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants)</i>
SOLICITORS FOR OUR IPO	: Teh & Lee A-3-3 & A-3-4, Northpoint Offices Mid Valley City No. 1, Medan Syed Putra Utara 59200 Kuala Lumpur Telephone: 03-2283 2800
ISSUING HOUSE AND SHARE REGISTRAR	: Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone: 03-2783 9299
ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	: M&A Securities Sdn Bhd Level 11, No. 45 & 47, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone: 03-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

**INDEPENDENT MARKET
RESEARCHER**

: Protégé Associates Sdn Bhd
Suite C-06-06, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Telephone: 03-6201 9301

Managing Director's name: Seow Cheow Seng
*(Master in Business Administration from Charles Sturt
University, Australia and Bachelor of Business majoring in
Marketing from RMIT University, Australia)*

LISTING SOUGHT

: ACE Market

SHARIAH STATUS

: Approved by the Shariah Advisory Council of the SC

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2. PROSPECTUS SUMMARY

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

2.1 PRINCIPAL DETAILS RELATING TO OUR IPO

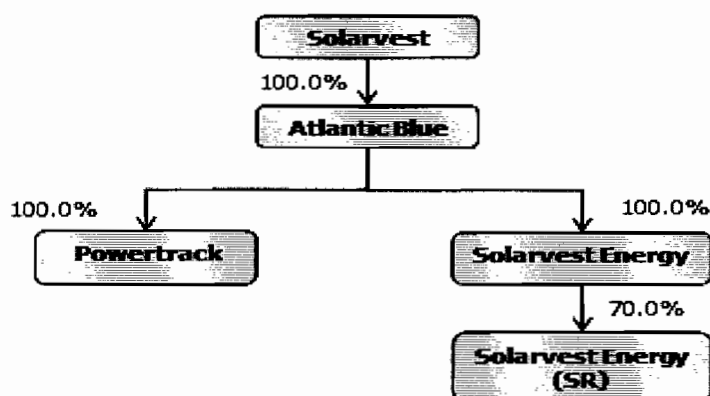
The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

No. of Shares to be issued under the Public Issue	98,828,000
Enlarged no. of Shares upon Listing	390,623,655
IPO Price per Share	0.35
Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing)	RM136,718,279

Further details of our IPO are set out in Section 4.3.

2.2 GROUP STRUCTURE AND BUSINESS MODEL

We were incorporated in Malaysia on 20 September 2017 to facilitate the Listing. After the Acquisition, our group structure is as follows:

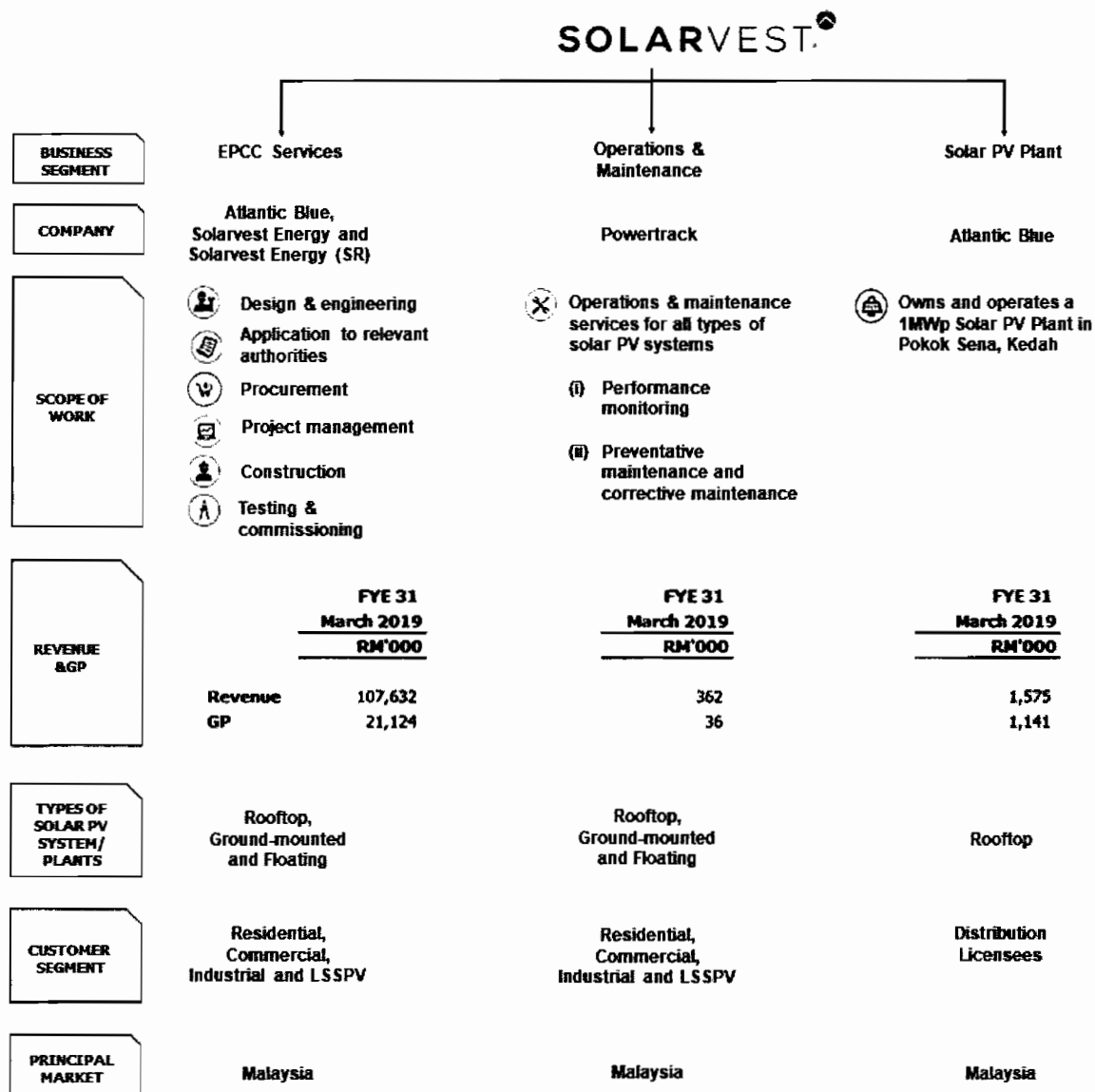


Further details of our Group structure including shareholding structure after the IPO can be found in Section 6.3.3.

We are principally a solar EPCC contractor that specialises in solar PV systems for (i) residential, commercial and industrial properties and (ii) LSSPV plants. Our end-to-end solution covers the initial consultancy and feasibility to in-depth system designs and installation, procurement, project commissioning to project handover and supplemented by our operations and maintenance services that caters to all types of solar PV projects. In addition, we also own a solar PV plant.

2. PROSPECTUS SUMMARY (Cont'd)

Our business operations are segmented into 3 segments as follows:



Further details of our Group and our business overview are set out in Sections 6 and 7 respectively.

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2. PROSPECTUS SUMMARY (Cont'd)

2.3 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (i) Our Group is a full-fledged EPCC service provider in the solar PV industry. We are capable of providing services that range from initial consultancy to site surveys, feasibility studies, applications to authorities, systems design, construction, commissioning, as well as operations and maintenance of our clients' solar PV systems;
- (ii) We have track record in the installation of solar PV system for residential and commercial and industrial properties from FIT mechanism to the current NEM mechanism and LSSPV. As at LPD, we have installed a total capacity of 231.97MWp across residential, commercial and industrial properties and LSSPV projects;
- (iii) We are committed to deliver quality services to our clients and have established a QMS that has been assessed and accredited with ISO 9001:2015 under the scope "solar energy engineering service provider including design, procurement, construction and maintenance services";
- (iv) Our management team is led by our Managing Director, Executive Director and Group Chief Executive Officer, all of whom have valuable experience in the solar PV industry;
- (v) We have the flexibility to choose from a broad range of leading manufacturers and vendors and to use different technologies which enable us to provide customisation to our clients; and
- (vi) We are diversified in our target market segment, serving clients from the residential, commercial and industrial properties to LSSPV segments. Such diversity reduces the risk of overdependence on any single client.

For further details, please refer to Section 7.14.

2.4 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over a period of 18 to 24 months from our Listing:

- (i) Geographical diversification

We have allocated RM3.0 million from the proceeds of the Public Issue for our business expansion to the Southern Region of Peninsular Malaysia, Vietnam and Taiwan. We believe there is growth potential for the provision of EPCC services in Vietnam and Taiwan as the local government are encouraging the development of renewable energy.

- (ii) Investment in solar PV plant

We intend to participate as an owner of solar PV plants. This long-term strategy is expected to further reduce our dependence on our EPCC segments while generating steady recurring income.

2. PROSPECTUS SUMMARY (Cont'd)

- (iii) Establishing ourselves as turnkey EPCC for LSSPV projects

We intend to step-up into turnkey EPCC for LSSPV projects, in line with the Malaysian Government's initiative to increase local participation in the solar PV industry. We have in 2019 and up to LPD secured 3 EPCC turnkey contracts for LSSPV projects.

For further details, please refer to Section 7.15.

2.5 RISK FACTORS

An investment in our Shares is subject to risks. A summary of some of the more important risks is set out below. A more detailed description of the risks associated with our Group and IPO can be found in Section 9.

Investors should read and understand all the risk factors before making a decision to invest in our Shares.

- (i) A strong key senior management and technical team are vital to maintain the quality of our Group's services whilst retaining the business confidence of the clients. The loss of these key senior management and technical team without timely replacement may adversely impact our Group's operations;
- (ii) We are subject to risks associated with non-performance, late performance or poor performance by our subcontractors;
- (iii) We may incur cost overruns which will affect our cash flows and financial performance. These variations in cost may cause actual gross profit for a project to differ from those originally estimated. As a result, certain projects could have lower margins than anticipated, or incur losses if actual costs for the projects exceed its estimates;
- (iv) We face competition from other alternate renewable energy such as biogas, biomass, small hydropower and geothermal resources. They may compete with us in terms of their power generation capacity and the pricing for initial installation and subsequent operations and maintenance;
- (v) Our profitability may be affected if we are unable to maintain our pioneer status; and
- (vi) We may be affected by any adverse changes in the government policies and support mechanisms relating to the solar PV industry.

2. PROSPECTUS SUMMARY (*Cont'd*)

2.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dato' Che Halin Bin Mohd Hashim	Independent Non-Executive Chairman
Lim Chin Siu	Managing Director
Tan Chyi Boon	Executive Director
Chiau Haw Choon	Non-Independent Non-Executive Director
Chang Kong Foo	Independent Non-Executive Director
Fong Shin Ni	Independent Non-Executive Director
Key senior management	
Chong Chun Shiong	Group Chief Executive Officer
Wendy Kam	Group Financial Controller
Poon Kean Yuen	Project Manager
Lean Siew Ting	Group Accountant
Chew Chun Wei	Project Manager
Tan Qi Jie	Business Development Manager
Ong Kah Jun	Marketing Manager

Details of the Directors and key senior management are set out in Section 5.

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2. PROSPECTUS SUMMARY (Cont'd)**2.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Country of incorporation / Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾				
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
AB Holdings	Malaysia	160,487,655	55.0	-	-	160,487,655	41.1	-	-
Chin Hin	Malaysia	131,308,000	45.0	-	-	131,308,000	33.6	-	-
Lim Chin Siu	Malaysian	-	-	(3)160,487,655	55.0	-	(3)160,487,655	41.1	41.1
Tan Chyi Boon	Malaysian	-	-	(3)160,487,655	55.0	-	(3)160,487,655	41.1	41.1
Substantial shareholders									
Divine Inventions	Malaysia	-	-	(4)131,308,000	45.0	-	(4)131,308,000	33.6	33.6
PP Chin Hin Realty	Malaysia	-	-	(5)131,308,000	45.0	-	(5)131,308,000	33.6	33.6
Datuk Seri Chiau Beng Teik	Malaysian	-	-	(6)131,308,000	45.0	-	(6)131,308,000	33.6	33.6
Chiau Haw Choon	Malaysian	-	-	(6)131,308,000	45.0	-	(6)131,308,000	33.6	33.6
Datin Seri Wong Mee Leng	Malaysian	-	-	(6)131,308,000	45.0	-	(6)131,308,000	33.6	33.6

Notes:

- (1) Based on the issued share capital of 291,795,655 Shares before IPO
- (2) Based on the enlarged issued share capital of 390,623,655 Shares after IPO
- (3) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (4) Deemed interest by virtue of its interest in Chin Hin pursuant to Section 8 of the Act
- (5) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (6) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act
- Details of the Promoters and substantial shareholders are set out in Section 5.

2. PROSPECTUS SUMMARY (Cont'd)

Our Promoters' entire shareholdings after IPO will be held under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholdings amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6-month period.

Further details on the moratorium on our Shares are set out in Section 3.2.

2.8 UTILISATION OF PROCEEDS

The total estimated gross proceeds to be raised by our Company from the Public Issue of RM34.6 million shall be utilised in the following manner:

	Estimated time frame for utilisation from Listing	RM'000	%
Business expansion	Within 24 months	3,000	8.7
Capital expenditure	Within 18 months	4,000	11.5
Working capital	Within 24 months	19,190	55.5
Repayment of bank borrowings	Within 3 months	5,000	14.5
Estimated listing expenses	Within 1 month	3,400	9.8
		34,590	100.0

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

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The selected historical financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

2.9.1 Combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 31 March 2016 to 2019.

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	35,286	39,009	45,069	112,201
GP	10,555	13,208	16,696	22,432
PBT from continuing operations	5,208	7,219	9,306	12,240
PAT from continuing operations	4,153	6,501	8,238	11,118
PAT	4,148	6,498	8,238	11,118
PAT attributable to owners of the Company	4,150	6,499	8,239	11,124
GP margin (%)	29.9	33.9	37.0	20.0

2. PROSPECTUS SUMMARY (Cont'd)

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
PBT margin (%) ⁽¹⁾	14.8	18.5	20.6	10.9
PAT margin (%) ⁽¹⁾	11.8	16.7	18.3	9.9
Basic EPS (sen) ⁽¹⁾⁽²⁾	1.4	2.2	2.8	3.8
Diluted EPS (sen) ⁽¹⁾⁽³⁾	1.1	1.7	2.1	2.8

Further details on the financial information are set out in Sections 12, 13 and 14.

Notes:

- (1) Based on continuing operations
- (2) Calculated based on PAT attributable to owners of the Company and issued share capital of 291,795,655 Shares before IPO
- (3) Calculated based on PAT attributable to owners of the Company and enlarged share capital of 390,623,655 Shares after IPO

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications.

2.9.2 Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited statements of financial position as at 31 March 2019 to show the effects of the Acquisition, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read in conjunction with the pro forma consolidated financial information in Section 13.

	Solarvest	I	II	III
	As at 31 March 2019	After Acquisition	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	-	18,994	18,994	23,644
Total current assets	167	69,156	103,745	91,273
TOTAL ASSETS	167	88,150	122,739	114,917
EQUITY AND LIABILITIES				
Equity				
Share capital ⁽¹⁾	-	26,262	60,851	59,703
Reorganisation reserve	-	(25,262)	(25,262)	(25,262)
(Accumulated losses)/Retained earnings ⁽⁴⁾	(1,020)	30,680	30,680	29,371
Non-controlling interest	-	(6)	(6)	(6)
TOTAL EQUITY	(1,020)	31,674	66,263	63,806
Total non-current liabilities	-	12,226	12,226	9,986
Total current liabilities	1,186	44,251	44,251	41,125
TOTAL LIABILITIES	1,186	56,477	56,477	51,111

2. PROSPECTUS SUMMARY (Cont'd)

	Solarvest	I	II	III
	As at 31 March 2019	After Acquisition	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
TOTAL EQUITY AND LIABILITIES	167	88,150	122,740	114,917
(NL)/NA per Share (RM)	(10,196)	0.11	0.17	0.16
Borrowings (All interest bearing debts)	-	19,753	19,753	14,753
Gearing (times) ⁽²⁾	-	0.6	0.3	0.2
Current ratio (times) ⁽³⁾	0.1	1.6	2.3	2.2

Notes:

- (1) Less than RM1,000
- (2) Calculated based on total borrowings (i.e. finance lease liabilities, bank borrowings and RPS) divided by total equity
- (3) Calculated based on total current assets divided by total current liabilities
- (4) Mainly due to expenses for our Listing of RM0.9 million for FYE 31 March 2019

2.9.3 Operational highlights

The tables below show the installed capacities that we have completed and handed over to our clients since our incorporation up to LPD:

	FYE 31 March 2013	FYE 31 March 2014	FYE 31 March 2015	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD	Total
	MWp	MWp	MWp	MWp	MWp	MWp	MWp	MWp	MWp
Residential	0.02	1.12	0.62	0.93	1.43	1.55	0.07	0.07	5.81
Commercial and industrial	0.02	0.26	0.34	3.77	4.22	2.98	3.69	6.38	21.66
LSSPV	-	-	-	-	-	12.00	192.50	-	204.50
Total	0.04	1.38	0.96	4.70	5.65	16.53	196.26	5.45	231.97
Cumulative	0.04	1.42	2.38	7.08	12.73	29.26	225.52	231.97	

The FIT mechanism ceased to accept applications in 2016 and all installation related to the FIT mechanism must be completed by 31 December 2017, unless otherwise extended by SEDA in a case-by-case basis. This led to the increase in installed capacity for our residential segment in FYE 31 March 2017 and 2018. We saw a sharp decline in the residential segment after FYE 31 March 2018 due to the completion of the installations for projects under the FIT mechanism.

Similarly, the FIT mechanism successfully attracted clients from commercial and industrial segment which led to higher installed capacity from FYE 31 March 2016 onwards. The drop in installed capacity for commercial and industrial segment in FYE 31 March 2018 was mainly due to the completion of the installations for projects under the FIT mechanism.

2. PROSPECTUS SUMMARY (Cont'd)

The FIT mechanism was more attractive than NEM mechanism as the generated energy from FIT mechanism will be fully sold to Distribution Licencees while NEM mechanism requires the users to consume the generated energy first with excess being exported and sold to Distribution Licencees at the prevailing Displaced Cost, which is lower than the FIT rate. Although the NEM mechanism was later revised whereby excess electricity generated is offset against electricity consumed on a unit to unit basis, such revision had only come into effect in January 2019 resulting pick-up in installed capacity of commercial and industrial segment in FYE 31 March 2019 onwards.

We completed our first LSSPV project in FYE 31 March 2018 as this mechanism was only introduced by Malaysian Government in 2016. As we continued to secure more LSSPV projects, our installed capacity for the LSSPV segment continued to increase in FYE 31 March 2019.

2.10 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy, the declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Further details of our dividend policy are set out in Section 12.15.

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3. APPROVALS AND CONDITIONS**3.1 APPROVALS AND CONDITIONS****3.1.1 Bursa Securities approval**

Bursa Securities had, vide its letter dated 27 May 2019, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Submission of the following information with respect to the moratorium on the shareholdings of the Promoters to Bursa Depository:	Complied
	(i) Name of shareholders;	
	(ii) Number of shares; and	
	(iii) Date of expiry of the moratorium for each block of shares	
(ii)	Approvals from other relevant authorities have been obtained for implementation of the Listing	Complied
(iii)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirement	To be complied
(iv)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Solarvest on the first day of listing	To be complied
(v)	Any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company	Complied
(vi)	In relation to the public offering to be undertaken by Solarvest, to announce at least 2 market days prior to the Listing date, the result of the offering including the following:	To be complied
	(i) Level of subscription of public balloting and placement;	
	(ii) Basis of allotment/allocation;	
	(iii) A table showing the distribution for placement tranche, in the format prescribed; and	
	(iv) Disclosure of placees who become substantial shareholders of Solarvest arising from the public offering, if any.	

3. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of conditions imposed	Status of compliance
(vii)	Solarvest/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission to the Official List of the ACE Market.	To be complied

3.1.2 SC approval

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

The SC had, vide its letter dated 30 May 2019, approved the resultant equity structure of Solarvest under the equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Solarvest to allocate Shares equivalent to at least 12.5% of its enlarged issued share capital at the point of Listing to Bumiputera investors. This includes the Shares offered under the balloted public offer portion, of which at least 50.0% are to be offered to Bumiputera investors ("Bumiputera Balloting Portion").	To be complied

In the event that Bumiputera investors approved by MITI take up less than 10% of the Shares offered to them, the unsubscribed Shares shall be offered to Bumiputera public investors via balloting in addition to the Bumiputera Balloting Portion.

The effect of our Listing on our equity structure is as follows:

Category of shareholders	As at 20 January 2019		After the Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 48,928,500	12.53
Non-Bumiputera	100	100.00	341,695,155	87.47
Malaysian	100	100.00	390,623,655	100.00
Foreigners	-	-	-	-
Total	100	100.00	390,623,655	100.00

3. APPROVALS AND CONDITIONS (Cont'd)**Note:**

- (1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:

Category	No. of Shares	%
Independent director – Dato' Che Halin Bin Mohd Hashim	100,000	0.03
Bumiputera public investor via balloting	9,765,500	2.50
Private placement to identified Bumiputera investors approved by MITI	39,063,000	10.00
Total	48,928,500	12.53

The Shariah Advisory Council of the SC had, vide its letter dated 30 August 2019 classified our Shares as shariah-compliant based on the audited combined financial statements for FYE 31 March 2019.

3.1.3 MITI approval

The MITI had, vide its letter dated 11 June 2019, taken note and has no objection to our Listing.

3.1.4 Waiver

M&A Securities had on behalf of our Company sought relief from the SC to waive the requirements for Solarvest to comply with the following provisions of the Prospectus Guidelines, which was approved by the SC vide its letter dated 31 July 2019:

Guidelines/Relief sought	SC's decision
Paragraph 13.01(b)(v), Division I, Part II and Paragraph 1.12(e), Part III Procedures for Registration of the Prospectus Guidelines	Approved.
Relief from having to make available for public inspection and from having to submit to the SC, the audited financial statements of Atlantic Blue for FYE 31 March 2016	

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Solarvest Shares held by our Promoters as follows:

- The moratorium applies to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");
- Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to 45% of our nominal ordinary share capital remain under moratorium for another period of 6 months ("Second 6-Month Moratorium"); and

3. APPROVALS AND CONDITIONS (Cont'd)

- (c) On the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight line basis) of those Solarvest Shares held under moratorium.

Details of our Promoters and their Solarvest Shares which will be subject to the abovesaid moratorium, are set out below:

Promoters	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of Solarvest Shares	(1)%	No. of Solarvest Shares	(1)%
AB Holdings	160,487,655	41.1	96,679,382	24.8
Chin Hin	131,308,000	33.6	79,101,263	20.2
	291,795,655	74.7	175,780,645	45.0

Note:

- (1) Based on the enlarged share capital of 390,623,655 Shares after IPO

The moratorium has been fully accepted by the Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

In accordance with Rule 3.19(2) of the Listing Requirements, where the promoter or vendor is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the requisite moratorium period.

In compliance with Rule 3.19(2) of the Listing Requirements, the ultimate shareholders of AB Holdings namely, Tan Chyi Boon, Lim Chin Siu, Tan Paw Boon and Chong Chun Shiong have undertaken not to sell, transfer or assign their shareholdings in AB Holdings during the moratorium period.

The shareholders of AB Holdings and their shareholdings are as follows:

	No. of share	% of shareholdings in AB Holdings
Tan Chyi Boon	415	41.5
Lim Chin Siu	415	41.5
Chong Chun Shiong	100	10.0
Tan Paw Boon	70	7.0
	1,000	100.0

Rule 3.19(2) of the Listing Requirements does not apply to Chin Hin as it is quoted on the Main Market of Bursa Securities.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 30 September 2019 and will remain open until 5.00 p.m. on 11 November 2019. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative Dates
Opening of Application	30 September 2019
Closing Date of Application	11 November 2019
Balloting of Application	14 November 2019
Allotment of Issue Shares to successful applicants	21 November 2019
Date of Listing	26 November 2019

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

4.3 DETAILS OF OUR IPO

4.3.1 Listing Scheme

(i) Public Issue

A total of 98,828,000 Issue Shares representing 25.3% of our enlarged share capital are offered at IPO Price and shall be allocated in the following manner:

(a) Malaysian Public

19,531,000 Shares, representing 5.0% of our enlarged share capital are made available for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 9,765,500 Shares made available to public investors; and

(bb) 9,765,500 Shares made available to Bumiputera public investors.

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

19,531,000 Shares, representing 5.0% of our enlarged share capital are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

(c) Private placement to selected investors

20,703,000 Shares, representing 5.3% of our enlarged share capital are reserved for private placement to selected investors.

(d) Private placement to Bumiputera shareholders approved by MITI

39,063,000 Issue Shares, representing 10.0% of our enlarged share capital are reserved for private placement to selected Bumiputera investors approved by MITI.

4. DETAILS OF OUR IPO (Cont'd)

The basis of allocation of our Issue Shares shall take into account the distribution of the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements and to establish a liquid market for our Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our Issue Shares.

(ii) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM60,851,410 comprising 390,623,655 Shares shall be listed on the ACE Market.

4.3.2 Pink Form Allocations

We have allocated 19,531,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group under Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares
Eligible Directors	3	300,000
Eligible employees	63	10,686,000
Persons who have contributed to the success of our Group	60	8,545,000
Total	126	19,531,000

Pink Form Allocations which are not accepted by certain eligible Directors, employees and/or persons who have contributed to the success of our Group will be re-allocated to our other eligible Directors as set out in the table below, eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others, length of their service and their anticipated contribution to our Group. Lim Chin Siu (our Managing Director), Tan Chyi Boon (our Executive Director) and Chiau Haw Choon (our Non-Independent Non-Executive Director), have opted out of the Pink Form Allocations as they are existing shareholders through their shareholdings in AB Holdings and Chin Hin, respectively.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares
Directors		
Dato' Che Halin Bin Mohd Hashim	Independent Non-Executive Chairman	100,000
Chang Kong Foo	Independent Non-Executive Director	100,000
Fong Shin Ni	Independent Non-Executive Director	100,000
		300,000

4. DETAILS OF OUR IPO (Cont'd)**Allocation to eligible employees**

Chong Chun Shiong (our Group Chief Executive Officer) has opted out of the Pink Form Allocations as he is an existing shareholder through his shareholdings in AB Holdings.

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of Shares allocated to our eligible employees are based on their seniority, position, length of service and/or respective contribution to our Group as well as other factors deemed relevant by our Board; and
- (iii) Full time employee of at least 18 years of age.

Details of the proposed allocation to our key senior management are as follows:

Name	Designation	No. of Issue Shares
Key senior management		
Wendy Kam	Group Financial Controller	300,000
Poon Kean Yuen	Project Manager	400,000
Lean Siew Ting	Group Accountant	300,000
Chew Chun Wei	Project Manager	200,000
Tan Qi Jie	Business Development Manager	300,000
Ong Kah Jun	Marketing Manager	300,000
		1,800,000

Allocation to persons who have contributed to the success of our Group

The numbers of Issue Shares to be allotted to persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group. These persons include our suppliers and clients.

4.3.3 Underwriting arrangement

Our Underwriter will underwrite 39,062,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 59,766,000 Issue Shares available for application by selected investors and Bumiputera investors approved by MITI have been placed out by our Placement Agent and will not be underwritten.

Any of our Issue Shares not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. If all Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations (if any), will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

4. DETAILS OF OUR IPO (Cont'd)**4.3.4 Minimum and over-subscription**

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of Issue Shares will be the number of Issue Shares required to be held by public shareholders to comply with the public spread requirements under the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	291,795,655	26,261,610
To be issued under Public Issue	98,828,000	34,589,800
Enlarged share capital upon Listing	390,623,655	60,851,410

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) To enable our Group to raise funds for the purposes specified in Section 4.9;
- (ii) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our services, retention of our employees, expansion of our client base, and to attract new employees in the renewable energy industry;

4. DETAILS OF OUR IPO (Cont'd)

- (iii) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and
- (iv) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) PE Multiple of approximately 12.5 times based on our audited combined EPS of 2.8 sen for FYE 31 March 2019, calculated based on our audited combined PAT of RM11.1 million and enlarged share capital of 390,623,655 Shares upon Listing;
- (ii) Our pro forma consolidated NA per Share as at 31 March 2019 after IPO of RM0.16, calculated based on our pro forma audited consolidated NA as at 31 March 2019 of RM63.8 million and enlarged share capital of 390,623,655 Shares upon Listing;
- (iii) Our historical financial track record as summarised below:

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	35,286	39,009	45,069	112,201
GP	10,555	13,208	16,696	22,432
PAT from continuing operations	4,153	6,501	8,238	11,118

- (iv) Our competitive strengths as set out in Section 7.14; and
- (v) Our Group's prospects and business strategies as set out in Section 7.15.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our Issue Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 390,623,655 Shares, our total market capitalisation is estimated to be RM136,718,279 upon Listing.

4. DETAILS OF OUR IPO (Cont'd)**4.8 DILUTION**

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.35
Pro forma consolidated NA per Share as at 31 March 2019 after Acquisition before Public Issue	0.11
Pro forma consolidated NA per Share as at 31 March 2019 after Acquisition, Public Issue and utilisation of proceeds	0.16
Increase in pro forma consolidated NA per Share attributable to existing shareholders	0.05
Dilution in pro forma consolidated NA per Share to new public investors	0.19
Dilution in pro forma consolidated NA per Share as a percentage of IPO Price	54.3%

Further details of our pro forma consolidated NA per Share as at 31 March 2019 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾ No. of Shares received	Total consideration RM	Average effective cost per Share RM
AB Holdings	160,487,655	14,443,890	0.09
Chin Hin	131,308,000	11,817,720	0.09
	291,795,655	26,261,610	

Note:

- ⁽¹⁾ Issued on 8 July 2019 pursuant to the Acquisition and including 100 existing Shares held by AB Holdings

Save for the:

- (i) Acquisition of 100 existing Shares in our Company by AB Holdings from Lim Chin Siu and Tan Chyi Boon; and
- (ii) Shares received by our Promoters under the Acquisition,

there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4. DETAILS OF OUR IPO (Cont'd)**4.9 UTILISATION OF PROCEEDS**

The estimated gross proceeds arising from our Public Issue of RM34.6 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	RM'000	%	Estimated timeframe for utilisation from Listing
(i) Business expansion	3,000	8.7	Within 24 months
(ii) Capital expenditure	4,000	11.5	Within 18 months
(iii) Working capital	19,190	55.5	Within 24 months
(iv) Repayment of bank borrowings	5,000	14.5	Within 3 months
(v) Estimated listing expenses	3,400	9.8	Within 1 month
	34,590	100.0	

4.9.1 Business expansion

Approximately RM3.0 million will be used to expand our geographical reach to Southern region of Peninsular Malaysia, Taiwan and Vietnam.

(i) Southern region of Peninsular Malaysia

Approximately RM0.7 million will be used to expand our business to the Southern region of Peninsular Malaysia. We have set up a sales representative office and service centre in Johor to cover businesses from Negeri Sembilan, Melaka and Johor in March 2019. The proceeds will be used as follows:

	Utilisation	RM'000
(a)	Recruitment of management, marketing, administrative and technical personnel. The budget is for the recruitment of 4 to 6 employees	450
(b)	Operation costs of the local office:	
	• Rental of office premise and office expenses	110
	• Marketing expenses	100
	• Transportation and accommodation	40
		700

(ii) Overseas expansion

We will use approximately RM2.3 million to enter into Taiwan and Vietnam. We intend to partner with experienced local companies to form joint-venture to tender and undertake future solar PV projects.

4. DETAILS OF OUR IPO (Cont'd)

The breakdown of our regional expansion plan is as set out below:

	Utilisation	RM'000
(a)	Recruitment of marketing, administrative and technical personnel. The budget is for the recruitment of 4 to 6 employees for Taiwan and Vietnam respectively	1,000
(b)	Incorporation and setting up of the overseas offices:	
	• Registering companies and set up costs such as furniture and fittings, office equipment and IT equipment	300
	• Rental of office premise	250
	• Marketing expenses and other overhead costs	300
	• Transportation and accommodation	100
	• Project machinery and equipment	350
		2,300

The proceeds will be allocated equally between Taiwan and Vietnam, and represents an estimation of our share of the JV cost to set up a presence in Taiwan and Vietnam. Future working capital for solar PV projects in those countries will be funded by our internally generated funds and/or bank borrowings. As at LPD, we have not identified any prospective partner for our joint venture in Taiwan and Vietnam.

If the actual cost of our business expansion exceeds the amount allocated, the deficit will be funded from our internally-generated funds and/or bank borrowings.

Our business strategy to expand into Southern region of Peninsular Malaysia, Taiwan and Vietnam will diversify our income base from concentrating in Northern and Central region of Peninsular Malaysia. These are expected to provide business growth and increase in revenue and contribute positively to our earnings.

Please refer to Section 7.15.1 for further details on our business expansion plans.

4.9.2 Capital expenditure

We intend to utilise approximately RM4.0 million to acquire project machinery and equipment as well as upgrade our IT software, hardware and office equipment. The purchase of machinery and equipment will support our plans to tender and complete more projects in Malaysia.

We have allocated RM4.0 million for the following:

	Name	Description	Quantity	RM'000
(i)	For commercial and industrial projects:			
	• Boom lift	For use in roof inspections	2	240
	• Scissor lift	For trunking installation in limited space area	1	60
	• IV Curve integrated tool	Testing and commissioning tool	3	120
	• Solar PV simulation software	For more accurate solar PV simulation	1	40
	• Scaffolding & safety harness	Protective equipment	30	50
	• In-house data logger and weather station	Testing and commissioning tool	3	50
	• Power quality analyser	For load profile analysis	3	30
	• Electrical test equipment	Testing and commissioning tool	3	30

4. DETAILS OF OUR IPO (Cont'd)

	Name	Description	Quantity	RM'000
	• Various ancillary installation equipment	For thickness and height measurement as well as site survey purposes	-	40
				660
(ii)	For LSSPV projects:			
	• Telescopic forklift	For logistic management at site	2	600
	• Pile driver	For piling	2	360
	• Skid steer	For logistic management at site	1	230
	• Truck	For transportation at site	1	165
	• Site vehicle	For transportation at site	2	240
	• Drone with thermal sensor	To check hotspot point on PV module	1	150
	• Construction enterprise resource planning software	Construction design and planning	1	230
	• Modular site office	To use as site office	1	50
	• Other testing equipment	For earth-resistance test, fiber optic cable test and commissioning test	5	95
				2,120
(iii)	For operation and maintenance services:			
	• Inverters	To supply as backup inverter	15	180
	• Thermal sensor	To check hotspot point on solar PV modules	2	30
	• Analyser	To check and analyse the degradation of solar PV modules	2	70
	• Panel cleaning equipment	To clean solar PV modules	2	40
				320
(iv)	For business operations:			
	• IT software - PVsyst	For solar PV system design	10	40
	• IT software - Solargis	For solar PV system design	5	200
	• IT software - AutoCAD	For solar PV system design	20	100
	• Enterprise resource planning software - Epicor	Integrated enterprise resource planning system	20	300
	• IT software - Salesforce	For client relationship management	10	40
	• IT software - AWS Cloud Server	Database	12 months	50
	• Tele conference system and other IT equipment	Video and tele-conferencing tools	5	170
				900
				4,000

If the actual cost of the capital expenditure exceeds the amount allocated, the deficit will be funded from our internally-generated funds and/or bank borrowings.

4. DETAILS OF OUR IPO (Cont'd)**4.9.3 Working capital**

Our Group's working capital requirements are expected to increase in tandem with the expected growth in our business. We intend to allocate RM19.2 million for our Group's daily operations including the additional working capital requirements for our Group's future projects.

Some of the commercial and industrial and LSSPV projects that we are involved in require tender bonds and performance bonds as disclosed in Section 12.7, which normally ranges between 5% to 10% of the contract sum. This results in the lock-up of a portion of our capital during the duration of the project, thereby affecting our liquidity for that duration. As such, the allocation to working capital is expected to enhance our Group's liquidity and cash flows, so that we will be in a stronger position to secure and complete more projects moving forward.

The following is a breakdown of the expected utilisation for our working capital:

	Utilisation	RM'000
(i)	Project costs and expenses such as tender deposits, tender bonds and/or performance bonds for our future LSSPV projects	5,000
(ii)	On site expenses for LSSPV projects such as setting up site office, workers quarters, site management team and establish temporary supply of electricity	1,000
(iii)	Purchase of materials for our EPCC services such as solar PV modules, inverters, cables and mounting structures	10,818
(iv)	Marketing expenses such as advertisement and promotions in printed and digital media, participation in trade shows and exhibitions for renewable energy	800
(v)	Set-up costs of a new centralised warehouse (either in the Northern or Central region of Peninsular Malaysia) to store our machinery, equipment, components and materials. Such cost includes rental expenses, utilities and security	600
(vi)	Training and development expenses on our employees. We have to ensure that our technical team is well equipped with the technical knowledge required for the design and installation of solar PV systems. As such, we send them for various SEDA and external courses such as 'Grid-Connected Photovoltaic Systems Design' and 'Grid-Connected Photovoltaic Course for Wireman And Chargeman'	300
(vii)	General overheads such as payment of administration and operating expenses including upkeep of offices, machinery and office utilities	672
		19,190

4.9.4 Repayment of bank borrowings

We have allocated RM5.0 million to partially repay our bank borrowings in the following priority:

- (i) To repay our term loan from OCBC Bank Malaysia Berhad based on the redemption amount at the time of repayment, up to a maximum of RM3.0 million. As at LPD, the outstanding amount of this loan was RM2.7 million. Such loan was previously taken for the construction of our solar PV plant at Pokok Sena, Kedah and will mature by 2022. We decided to repay this term loan as it carries a higher interest rate as compared to our other term loans and there are no penalties imposed for the settlement of this loan as the lock-up period has expired; and

4. DETAILS OF OUR IPO (Cont'd)

- (ii) The balance thereon will be used to reduce our bank overdraft and trade facilities from Alliance Bank Malaysia Berhad, CIMB Islamic Bank Berhad, OCBC Bank Malaysia Berhad and Ambank Islamic Berhad. As at LPD, our outstanding bank overdraft and trade facilities amounted to RM5.4 million. These facilities are taken to finance our day-to-day operations. We decided to repay these facilities to reduce our financing cost.

Based on the above, the expected annual interest savings is approximately RM0.4 million based on the interest rate of 7.5% per annum for the term loan and 8.2% per annum for the bank overdraft and trade facilities. However, the actual interest savings may vary depending on the then applicable interest rate.

We will not repay our bank borrowings by more than the amount of RM5.0 million allocated.

4.9.5 Estimated listing expenses

An amount of RM3.4 million is allocated to meet the estimated expenses of our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for general overheads in our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

	Utilisation	RM'000
(i)	Professional fees ⁽¹⁾	2,250
(ii)	Fees payable to the authorities	70
(iii)	Underwriting, placement and brokerage fees	950
(iv)	Printing, advertising fees and contingencies ⁽²⁾	130
		3,400

Notes:

- (1) Includes advisory fees for, amongst others, our Adviser, Solicitors, Reporting Accountants, IMR and Issuing House
- (2) Other incidental or related expenses in connection with our IPO

Pending deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions as our Directors may deem appropriate.

4.10 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION**Underwriting commission**

Our Underwriter has agreed to underwrite 39,062,000 Issue Shares available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.0% of the total value of underwritten Shares at our IPO Price.

4. DETAILS OF OUR IPO (Cont'd)

Placement fees

Our Placement Agent has placed out a total of 59,766,000 Issue Shares to selected investors and Bumiputera investors approved by MITI.

We are obliged to pay our Placement Agent a placement fee of 2.5% of the value of Issue Shares placed out by our Placement Agent, at our IPO Price.

Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 39,062,000 Issue Shares ("Underwritten Shares") as set out in Section 4.3.3.

The following are the salient terms contained in the Underwriting Agreement:

Conditions Precedent

- 1.1 The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("Conditions Precedent"):
- (i) The acceptance of the listing proposal from Bursa Securities, the clearance of registrable Prospectus from SC and the lodgement of registrable Prospectus with the ROC respectively together with copies of all documents required under Section 155 of the Act prior to the issuance of the Prospectus to the public;
 - (ii) The issuance of the Prospectus (including advertisement of the Prospectus and all other procedures, requirements, letters and documents) required under Section 155 of the Act to the public within 3 months from the date hereof or such extension as consented by the Underwriter;
 - (iii) There having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Group companies (which in the reasonable opinion of the Underwriter is or will be material in the context of the Listing and IPO) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings, if they are repeated on and as of the Closing Date;
 - (iv) The issue, offer and subscription of the Issue Shares in accordance with the provisions hereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

4. DETAILS OF OUR IPO (Cont'd)

- (v) All necessary approvals and consents required in relation to the Listing and IPO including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (vi) The Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses;
 - (vii) The delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Listing, the IPO and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph 1.1(iii);
 - (viii) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties as though they have been given and/or made on such date; and
 - (ix) The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market without undue delay.
- 1.2 In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than 3 Market Days after the Closing Date and upon such termination the Company and the Underwriter shall be released and discharged from their obligations save for the Company's obligations and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

Termination

- 1.3 Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time on or before the allotment and issuance of the Underwritten Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:

4. DETAILS OF OUR IPO (Cont'd)

- (i) There is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution of the Issue Shares; or
- (ii) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group and the success of the Public Issue, or the distribution of the Issue Shares; or
- (iii) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of the Group; or
- (iv) There shall have occurred, happened or come into effect any of the following circumstances:
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Group and the success of the Listing and IPO, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

4. DETAILS OF OUR IPO (*Cont'd*)

- (c) the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
 - (d) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
 - (v) There is failure on the part of the Company to perform any of their respective obligations herein contained; or
 - (vi) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
 - (vii) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on the Company pursuant to the indemnities contained under the Underwriting Agreement.
- 1.4 Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and its undertaking to indemnify the Underwriter.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all of our Issue Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS Accounts. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4. DETAILS OF OUR IPO (Cont'd)

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our Issue Shares in any jurisdiction and in any circumstances in which such offer or invitation are authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our Issue Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our Issue Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our Issue Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

You must have a CDS Account when applying for our Issue Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our Issue Shares. Please refer to Section 16 for further details on the summarised procedures for application for our Issue Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our Issue Shares by way of Electronic Share Application.

In the case of an Application by way of Internet Share Application, only an applicant who has a CDS Account and an existing account to their internet financial services with the Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our Issue Shares by way of Internet Share Application.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS****5.1.1 Promoters' and substantial shareholders' shareholdings**

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

	Country of incorporation / Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		Direct	Indirect		Direct	Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders							
AB Holdings	Malaysia	160,487,655	55.0	-	-	160,487,655	41.1
Chin Hin	Malaysia	131,308,000	45.0	-	-	131,308,000	33.6
Lim Chin Siu	Malaysian	-	-	(3)160,487,655	55.0	-	(3)160,487,655
Tan Chyi Boon	Malaysian	-	-	(3)160,487,655	55.0	-	(3)160,487,655
Substantial shareholders							
Divine Inventions	Malaysia	-	-	(4)131,308,000	45.0	-	(4)131,308,000
PP Chin Hin Realty	Malaysia	-	-	(5)131,308,000	45.0	-	(5)131,308,000
Datuk Seri Chiau Beng Teik	Malaysian	-	-	(6)131,308,000	45.0	-	(6)131,308,000
Chiau Haw Choon	Malaysian	-	-	(6)131,308,000	45.0	-	(6)131,308,000
Datin Seri Wong Mee Leng	Malaysian	-	-	(6)131,308,000	45.0	-	(6)131,308,000

Notes:

- (1) Based on the issued share capital of 291,795,655 Shares after completion of Acquisition but before IPO
- (2) Based on the enlarged issued share capital of 390,623,655 Shares after IPO
- (3) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (4) Deemed interest by virtue of its interest in Chin Hin pursuant to Section 8 of the Act
- (5) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (6) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of Lim Chin Siu, Tan Chyi Boon and Chiau Haw Choon are set out in Section 5.2.2. The profiles of our other Promoters and substantial shareholders are as follows:

(a) AB Holdings

AB Holdings was incorporated in Malaysia on 27 July 2017 as a private limited company under its present name. AB Holdings is principally an investment holding company.

As at LPD, the share capital of AB Holdings is RM1,000 comprising 1,000 ordinary shares.

The shareholders and directors of AB Holdings and their respective shareholdings in AB Holdings as at LPD are as follows:

	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Tan Chyi Boon	Malaysian	Director	415	41.5	-	-
Lim Chin Siu	Malaysian	Director	415	41.5	-	-
Tan Paw Boon	Malaysian	Director	70	7.0	-	-
Chong Chun Shiong	Malaysian	Director	100	10.0	-	-

(b) Chin Hin

Chin Hin was incorporated in Malaysia on 12 June 2014 as a public limited liability company. Chin Hin was listed on the Main Market of Bursa Securities on 8 March 2016.

Chin Hin is principally an investment holding company and providing management services while its subsidiaries are involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete, manufacturing of building materials such as concrete products, wire mesh and drymix products.

As at LPD, the share capital of Chin Hin is RM325,795,595 comprising 556,388,000 ordinary shares.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The substantial shareholders of Chin Hin and their respective shareholdings in Chin Hin as at LPD are as follows:

	Country of incorporation / Nationality	Direct		Indirect	
		No. of shares	(3)%	No. of shares	(3)%
Divine Inventions	Malaysia	213,432,800	38.8	-	-
PP Chin Hin Realty	Malaysia	-	-	(1)213,432,800	38.8
Datuk Seri Chiau Beng Teik	Malaysian	123,831,100	22.5	(2)213,432,800	38.8
Datin Seri Wong Mee Leng	Malaysian	-	-	(2)213,432,800	38.8
Chiau Haw Choon	Malaysian	10,750,000	1.9	(2)213,432,800	38.8

Notes:

- (1) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (2) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act
- (3) Excluding a total of 6,320,000 shares bought-back by Chin Hin and retained as treasury shares as at LPD

The directors of Chin Hin and their respective shareholdings in Chin Hin as at LPD are as follows:

	Nationality	Direct		Indirect	
		No. of shares	(2)%	No. of shares	(2)%
Datuk Seri Dr Nik Norzrul Thani bin Nik Hassan Thani	Malaysian	100,000	(3)	-	-
Datuk Seri Chiau Beng Teik	Malaysian	123,831,100	22.5	(1)213,432,800	38.8
Chiau Haw Choon	Malaysian	10,750,000	1.9	(1)213,432,800	38.8
Lee Hai Peng	Malaysian	2,374,000	0.4	-	-
Yeoh Chin Hoe	Malaysian	100,000	(3)	-	-
Datuk Cheng Lai Hock	Malaysian	100,000	(3)	-	-

Notes:

- (1) Deemed interest by virtue of his interest in PP Chin Hin Realty pursuant to Section 8 of the Act
- (2) Excluding a total of 6,320,000 shares bought-back by Chin Hin and retained as treasury shares as at LPD
- (3) Less than 0.1%

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**(c) Divine Inventions**

Divine Inventions was incorporated in Malaysia on 26 November 2014 as a private limited company and is principally involved in investment holding. The directors of Divine Inventions are Datuk Seri Chiau Beng Teik and Chiau Haw Choon.

As at LPD, the share capital of Divine Inventions is RM1,000,002 comprising 1,000,002 ordinary shares. Divine Inventions is a wholly-owned subsidiary of PP Chin Hin Realty.

(d) PP Chin Hin Realty

PP Chin Hin Realty was incorporated in Malaysia on 6 November 2011 as a private limited company and is principally involved in investment holding.

As at LPD, the share capital of PP Chin Hin Realty are RM50,000,000 comprising 50,000,000 ordinary shares.

The directors of PP Chin Hin Realty are Datuk Seri Chiau Beng Teik and Chiau Haw Choon. The substantial shareholders of PP Chin Hin Realty as at LPD are as follows:

	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Datuk Seri Chiau Beng Teik	Malaysian	Director	27,499,999	55.0	-	-
Chiau Haw Choon	Malaysian	Director	15,000,000	30.0	-	-
Datin Seri Wong Mee Leng	Malaysian	Director	7,500,000	15.0	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(e) Datuk Seri Chiau Beng Teik

Datuk Seri Chiau Beng Teik, a Malaysian, aged 58, is our substantial shareholder by virtue of his indirect interest held through Chin Hin.

Datuk Seri Chiau Beng Teik finished his primary education at SJK(C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974. He started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd which is now known as PP Chin Hin Sdn Bhd. Over the years, he has played an instrumental role in the growth of Chin Hin group, expanding the business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia.

Datuk Seri Chiau Beng Teik is currently the Deputy Group Executive Chairman of Chin Hin. In addition, he is also the Non-Independent Non-Executive Chairman of Chin Hin Group Property Berhad since 2017 and Green Ocean Corporation Berhad since 2017, which are public companies listed on the Main Market and ACE Market of Bursa Securities respectively. He also serves as Director for a number of subsidiaries within the Chin Hin group and Chin Hin Group Property Berhad and also has directorships in various other businesses. However, the involvement of Datuk Seri Chiau Beng Teik in the other businesses does not give rise to any conflict of interest situation with our business as those businesses are not involved in similar trade as us.

(f) Datin Seri Wong Mee Leng

Datin Wong Mee Leng, a Malaysian female, aged 56, is a substantial shareholder by virtue of his indirect interest held through Chin Hin. She is the spouse of Datuk Chiau Beng Teik and mother of Chiau Haw Choon. She completed her primary school education at Sekolah Rendah Jenis Kebangsaan (Cina) Khoo Aik in year 1969. Since her marriage to Datuk Chiau Beng Teik, Datin Wong Mee Leng has played an instrumental role in assisting and supporting Datuk Chiau Beng Teik in the administrative aspects of Chin Hin group. She retired from active involvement in the business in 2008.

She also has directorships in various other businesses. However, the involvement of Datin Seri Wong Mee Leng in the other businesses does not give rise to any conflict of interest situation with our business as those businesses are not involved in similar trade as us.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings**

The changes in our Promoters' and substantial shareholders' respective shareholdings since our incorporation are as follows:

	As at incorporation				⁽²⁾ After Acquisition				⁽³⁾ After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders												
AB Holdings	-	-	-	-	160,487,655	55.0	-	-	160,487,655	41.1	-	-
Chin Hin	-	-	-	-	131,308,000	45.0	-	-	131,308,000	33.6	-	-
Lim Chin Siu	⁽¹⁾ 1	50.0	-	-	-	-	⁽⁴⁾ 160,487,655	55.0	-	-	⁽⁴⁾ 160,487,655	41.1
Tan Chyi Boon	⁽¹⁾ 1	50.0	-	-	-	-	⁽⁴⁾ 160,487,655	55.0	-	-	⁽⁴⁾ 160,487,655	41.1
Substantial shareholders												
Divine Inventions	-	-	-	-	-	-	⁽⁵⁾ 131,308,000	45.0	-	-	⁽⁵⁾ 131,308,000	33.6
PP Chin Hin Realty	-	-	-	-	-	-	⁽⁶⁾ 131,308,000	45.0	-	-	⁽⁶⁾ 131,308,000	33.6
Datuk Seri Chiau Beng Teik	-	-	-	-	-	-	⁽⁷⁾ 131,308,000	45.0	-	-	⁽⁷⁾ 131,308,000	33.6
Chiau Haw Choon	-	-	-	-	-	-	⁽⁷⁾ 131,308,000	45.0	-	-	⁽⁷⁾ 131,308,000	33.6
Datin Seri Wong Mee Leng	-	-	-	-	-	-	⁽⁷⁾ 131,308,000	45.0	-	-	⁽⁷⁾ 131,308,000	33.6

Notes:

- (1) Each share was subdivided into 10 Shares on 3 September 2018, and on 4 September 2018, Lim Chin Siu and Tan Chyi Boon was each allotted 40 additional new Shares. Both of them had transferred all their Shares to AB Holdings prior to LPD
- (2) Based on the issued share capital of 291,795,655 Shares after completion of Acquisition but before IPO
- (3) Based on the enlarged issued share capital of 390,623,655 Shares after IPO
- (4) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (5) Deemed interest by virtue of its interest in Chin Hin pursuant to Section 8 of the Act

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (6) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (7) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act

5.1.4 Persons exercising control over the corporation

Save for our Promoters, there are no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO assuming that our Directors will fully subscribe for their Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO ⁽¹⁾			After IPO ^{(2) (3)}		
		Direct		Indirect		Direct	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Che Halin Bin Mohd Hashim	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	100,000	(6)
Lim Chin Siu	Managing Director / Malaysian	-	-	(4)160,487,655	55.0	-	-
Tan Chyi Boon	Executive Director/ Malaysian	-	-	(4)160,487,655	55.0	-	(4)160,487,655
Chiau Haw Choon	Non-Independent Non-Executive Director/ Malaysian	-	-	(5)131,308,000	45.0	-	(5)131,308,000
Chang Kong Foo	Independent Non-Executive Director/ Malaysian	-	-	-	-	100,000	(6)
Fong Shin Ni	Independent Non-Executive Director/ Malaysian	-	-	-	-	100,000	(6)

Notes:

- (1) Based on the issued share capital of 291,795,655 Shares after Acquisition but before IPO

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (2) Based on the enlarged issued share capital of 390,623,655 Shares after IPO
- (3) Assuming that our Directors will fully subscribe for their Pink Form Allocations
- (4) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (5) Deemed interest by virtue of his interest in PP Chin Hin Realty pursuant to Section 8 of the Act
- (6) Less than 0.1%

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

Dato' Che Halin Bin Mohd Hashim, a Malaysian aged 64, is our Independent Non-Executive Chairman. He was appointed to our Board on 14 September 2018, and is the Chairman of our Remuneration Committee. He is also a member of our Audit Committee and Nominating Committee. He graduated with a Bachelor of Science in Mechanical Engineering from University of Leeds, UK in 1979. He subsequently obtained a Masters of Business Administration from Ohio University, United States of America in 1996.

Dato' Che Halin began his career as Technical Officer with Malaysian Industrial Development Finance Berhad ("MIDF") in 1980. He was responsible for processing and reviewing loan applications and loan performance. He left MIDF to join the banking division of Permata Chartered Merchant Bank Berhad (now known as Affin Investment Bank Berhad) in 1982 as Assistant Manager where he was involved in marketing, evaluation and granting of loans as well as loan disbursement and collections. He left the bank as Manager in 1991 and subsequently joined Sime AXA Assurance Berhad as Manager of its Technical Division. He was promoted to Senior Manager and reassigned to the Institutional Marketing and Bancassurance department in 1996, responsible for improving the company's institutional marketing and establishment of bancassurance. During his stint with Sime AXA Assurance Berhad, he also pursued his Masters of Business Administration on a part time basis.

He left and joined Time Engineering Berhad in 1997 as Senior General Manager. He was subsequently appointed as Chief Operating Officer of Uniphone Sdn Bhd after the company was acquired by Time Engineering Berhad in 1997. He was responsible for the operations and integration of Uniphone Sdn Bhd with Time Engineering Berhad. In 1998, he was appointed as Director of Business Support Services of TT dotCom Sdn Bhd where he was responsible for overseeing the regulatory, customer service, credit risk management, as well as IT functions of the company. In 2002, he was reassigned back as Chief Operating Officer of Time Reach Sdn Bhd (previously, Uniphone Sdn Bhd). During his stint there, he was responsible for managing and implementing plans to improve the business performance of the company.

He left Time Reach Sdn Bhd in 2005 to join Cement Industries of Malaysia Berhad as its Chief Executive Officer before being promoted to Group Managing Director in 2006. During his tenure with the group, he was responsible for overseeing the overall business operations of the group, as well as developing strategic planning and annual operating plans. He retired in 2012. Since then, he only had directorships in other businesses.

Lim Chin Siu, a Malaysian, aged 39, is our Managing Director. He has been our Director since incorporation. He is the co-founder of our Group and has been jointly spearheading the business growth of our Group since we commenced business in 2012. He is primarily responsible for our Group's overall business strategy and corporate direction. He is in charge of execution and implementation of our Group's business plans. He also oversees the LSSPV projects of our Group, especially on the technical aspects of the projects.

He graduated with a Bachelor's degree in Electrical and Electronic Engineering from University of Hertfordshire, UK in 2003. He also obtained Grid-Connected Photovoltaic System Design certificate from SEDA in 2014.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

He began his career with Lim Electric Company in 2003 as Project Engineer where he was in charge of installation, supply and commissioning of electrical systems. He left in 2006 to establish Dynamic Primajaya Sdn Bhd, an electrical contractor, with 3 other partners in the same year. He was responsible in managing various aspects of the company's electrical projects from documentation to tendering to budget controls. He was also involved in the company's business development activities and business strategy planning. He subsequently exited the business and resigned in 2013 to focus on Atlantic Blue. As at LPD, Dynamic Primajaya Sdn Bhd is still in operations but it is not in competition with our Group as it is involved in provision of electrical works for buildings and not in the solar PV industry.

Tan Chyi Boon, a Malaysian, aged 39, is our Executive Director. He has been our Director since incorporation. He is also the co-founder of our Group and has been jointly spearheading the business growth of our Group since we commenced business in 2012. He is responsible for the business development of our Group, including administration matters.

He graduated from KDU College (previously known as Kolej Damansara Utama), Malaysia, with a Higher Diploma in Computer Studies in 2001. In 2001, he set up YH Digital Sdn Bhd with his family members, principally involved in the trading of computers and related parts. He was responsible for the business development and management of the company. YH Digital Sdn Bhd ceased business operations in 2012 when he ventured into the solar PV industry via Atlantic Blue with Lim Chin Siu and his brother, Tan Paw Boon.

Chiau Haw Choon, a Malaysian, aged 35, is our Non-Independent Non-Executive Director and corporate representative of Chin Hin. He was appointed to our Board on 14 September 2018 and is a member of our Remuneration Committee and Nominating Committee.

He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in 2009. Upon his graduation, he joined his family business, Chin Hin as Group Managing Director. In 2017, he was awarded the EY Entrepreneur of the Year 2017 Malaysia.

Besides Chin Hin, he is also Non-Independent Non-Executive Director of Chin Hin Group Property Berhad since 2017, and redesignated to Executive Director in 2018. He also serves as Director for a number of subsidiaries of Chin Hin and Chin Hin Group Property Berhad and also has directorships in various other businesses.

Chang Kong Foo, a Malaysian, aged 66, is our Independent Non-Executive Director. He was appointed to our Board on 14 September 2018. He graduated from University of Waikato, New Zealand in 1978 with a Bachelor's degree in Management Studies. He is a member of the Malaysian Institute of Accountants since 1982, a member of the Certified Tax Institute of Malaysia since 2006 and also an authorised tax agent. He is a committee member of the Chartered Tax Institute of Malaysia since 2008. He is also a liquidator and a Certified Financial Planner since 1982 and 2003, respectively. He is the Chairman of our Audit Committee and Risk Management Committee and member of our Nominating Committee and Remuneration Committee.

He began his career with the Office of the Auditor-General in New Zealand in 1978 as an audit assistant where he was involved in various audit assignments. He then came back to Malaysia and joined Peat Marwick (Penang) as audit assistant in 1980. He left and joined Koay & Co, an accounting firm based in Butterworth in 1981 as a manager where he was involved in provision of accounting services to various clients.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1982, he established his professional practice, Chang Kong Foo & Co and obtained his audit licence in 1983. He is also a partner in 3 audit firms, namely CAS Malaysia PLT, Zubir Chang & Co and Tan Cheah & Co.

He is also a director of Key Focus Consulting Sdn Bhd, Key Focus Management Sdn Bhd, Key Focus Tax Sdn Bhd, Champ Tax Management (Kedah) Sdn Bhd and Champ Tax Management Sdn Bhd. These companies are principally involved in provision of financial services such as tax compliance, accounting, secretarial services, tax and business advisory services.

He is currently an Independent Non-Executive Director of NTPM Holdings Berhad since 2008. He also has directorships in various other businesses.

Fong Shin Ni, a Malaysian, aged 45, is our Independent Non-Executive Director. She was appointed to our Board on 14 September 2018, and is the Chairman of our Nominating Committee. She is also a member of our Audit Committee, Remuneration Committee and Risk Management Committee. She graduated from the University of Sheffield, UK in 1996 with a Bachelor of Laws. After obtaining her Barrister-At-Law at Lincoln's Inn, London in 1997, she obtained her Master of Business Administration in 1998 at Cardiff University, UK.

She was called to the Malaysian Bar as an Advocate & Solicitor of the High Court of Malaya in September 1999. Thereafter, she joined LCB Insurance Broker Sdn Bhd as a legal executive.

She left the company in 2001 to join Messrs Zul Rafique & Partners as a legal assistant in corporate matters, specialising in the field of capital markets, mergers and acquisitions and the provision of corporate advisory services. In 2006, she joined Messrs Chew Kar Meng, Zahardin & Partners as a partner where she specialises in real property related transactions.

She is currently an Independent Non-Executive Director of Green Ocean Corporation Berhad since 2017. She also has directorships in various other businesses.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Dato' Che Halin Bin Mohd Hashim

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement in private business</u> Permata Jayasama Investment holding Sdn Bhd		Non-Executive Director	1 June 2017	-	50.0%	-
ES Teknik Sdn Bhd	Dormant with no intended principal activities	Non-Executive Director	21 March 1985	-	-	-

(b) Lim Chin Siu

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement in private business</u> AB Holdings ⁽¹⁾ Investment holding Globalcycle Sdn Bhd ⁽²⁾ Recycling and waste management		Executive Director Non-Executive Director	27 July 2017 7 July 2008	- -	41.5% 38.1%	- -
Solarvest PLT	Dormant. An application for dissolution of Solarvest PLT has been registered on 3 December 2018	Partner	13 March 2014	-	Not applicable	Not applicable

Past involvement in private business

Suria Solar Energy Sdn Bhd (formerly known as Atlantic Blue (Perak) Sdn Bhd) ⁽³⁾	Dormant with no intended principal activities	Non-Executive Director	15 January 2018	1 April 2019	-	-
Atlantic Ecocity Sdn Bhd	Property investment holding	Executive Director	26 April 2015	9 October 2017	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Dekad Aliran Suria Sdn Bhd	Supplier and installer of solar PV systems	Non-Executive Director	7 January 2015	5 July 2015	-	-
CS Organic Farm Sdn Bhd	Owner of solar PV plant under FIT mechanism	Executive Director	24 February 2014	14 January 2016	-	-

Notes:

- (1) AB Holdings is principally an investment holding of Solarvest and there is no other business activity in the company. Hence, the involvement of Lim Chin Siu as Executive Director does not require significant amount of time and does not affect his ability to perform his executive roles and responsibilities in our Group
- (2) The shareholders of Globalcycle Sdn Bhd are Lim Chin Siu, Lim Chin Ju (brother of Lim Chin Siu) and Lim Ah Kau@Lim Ah Kaw (father of Lim Chin Siu). Lim Chin Ju is the Executive Director who is running the day-to-day operations of the company
- (3) Suria Solar Energy Sdn Bhd (formerly known as Atlantic Blue (Perak) Sdn Bhd) was initially set up to venture into potential business opportunities in Perak. However, the management later decided to undertake all the Perak projects through Atlantic Blue. There is no competition or conflict of interests with our Group as the company has never commenced any business operations and remained dormant since incorporation

(c) Tan Chyi Boon

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement in private business						
AB Holdings ⁽¹⁾	Investment holding	Executive Director	27 July 2017	-	41.5%	-
Atlantic Ecocity Sdn Bhd ⁽¹⁾	Property investment holding	Executive Director	23 April 2015	-	100.0%	-
YH Digital Sdn Bhd	Ceased operations in 2012	Non-Executive Director	23 June 2003	-	25.0%	-
Sena Sports Sdn Bhd	Futsal court operator	Non-Executive Director	15 June 2017	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Solarvest PLT	Dormant. An application for dissolution of Solarvest PLT has been registered on 3 December 2018	Partner	13 March 2014	-	Not applicable	Not applicable
Past involvement in private business						
Suria Solar Energy Sdn Bhd (formerly known as Atlantic Blue (Perak) Sdn Bhd) ⁽²⁾	Dormant with no intended activities	Non-Executive Director	15 January 2018	1 April 2019	-	-
CB Eco Farm Sdn Bhd	Dormant with no intended activities	Non-Executive Director	24 February 2014	14 January 2016	-	-
Dekad Aliran Suria Sdn Bhd	Supplier and installer of solar PV systems	Non-Executive Director	7 January 2015	5 July 2015	-	-

Notes:

⁽¹⁾ AB Holdings is principally an investment holding of Solarvest while Atlantic Ecocity Sdn Bhd is principally a property investment holding company and there are no other business activity in these companies. Hence, the involvement of Tan Chyi Boon as Executive Director does not require significant amount of time and does not affect his ability to perform his executive roles and responsibilities in our Group

⁽²⁾ Suria Solar Energy Sdn Bhd (formerly known as Atlantic Blue (Perak) Sdn Bhd) was initially set up to venture into potential business opportunities in Perak. However, the management later decided to undertake all the Perak projects through Atlantic Blue. There is no competition or conflict of interests with our Group as the company has never commenced any business operations and remained dormant since incorporation

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(d) Chiau Haw Choon

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement in public listed company</u>						
Chin Hin Group Property Berhad	Investment holding and provision of management services with subsidiaries involved in new/rebuilt commercial vehicles and bodyworks, rental and fleet management services and property development	Executive Director	25 April 2017	-	(1)2.6%	-
Chin Hin Group Berhad	Investment holding company and provision of management services with subsidiaries involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete, manufacturing of building materials such as concrete products, wire mesh and drymix products	Executive Director	23 January 2015	-	1.9%	38.8%
<u>Present involvement in private business</u>						
G-Cast UHPC Sdn Bhd	Manufacture and sale of ultra-high performance concrete product	Executive Director	15 September 2017	-	-	-
BK Fleet Management Sdn Bhd	Sale and rental of commercial vehicles, provision of fleet management and other related services	Non-Executive Director	1 July 2017	-	-	-
Boon Koon Fleet Management Sdn Bhd	Forklift and equipment rental business and provision of repairs and maintenance services	Non-Executive Director	1 July 2017	-	-	-
Boon Koon Motors Sdn Bhd	Sale of commercial vehicles and provision of related services	Non-Executive Director	1 July 2017	-	-	-
BKSP Autoworld Sdn Bhd	Provision of repair and maintenance service for forklifts, reach trucks, heavy machineries, commercial vehicles and others	Non-Executive Director	1 July 2017	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
BKCV Sdn Bhd	Manufacturing and assembling of commercial vehicles	Non-Executive Director	1 July 2017	-	-	-
Boon Koon Capital Sdn Bhd	Investment holding	Non-Executive Director	1 July 2017	-	-	-
Boon Koon Commercial Sdn Bhd	Sales of reconditioned, rebuilt, used and new commercial vehicles and other related services	Non-Executive Director	1 July 2017	-	-	-
BKGM Industries Sdn Bhd	Provision of sub-contractor services to the commercial vehicle industry	Non-Executive Director	1 July 2017	-	-	-
BKG Development Sdn Bhd	Property development	Non-Executive Director	1 July 2017	-	-	-
Boon Koon Vehicles Industries Sdn Bhd	Manufacturing and assembling of rebuilt commercial vehicles and provision of related services	Non-Executive Director	1 July 2017	-	-	-
BK Alliance Sdn Bhd	Sale of commercial vehicles and provision of related services	Non-Executive Director	1 July 2017	-	-	-
Midas Signature Sdn Bhd	Dormant with no intended principal activities	Non-Executive Director	25 May 2017	-	-	-
Starken AAC 2 Sdn Bhd (formerly known as Sage Evergreen Sdn Bhd)	Manufacturing and sale of concrete products	Executive Director	11 April 2017	-	-	-
MI Polymer Concrete Pipes Sdn Bhd	Manufacture of polymer concrete pipes	Executive Director	2 May 2017	-	-	-
Chin Hin AVC Sdn Bhd	Manufacture of ready-mix and dry-mix concrete and mortars	Executive Director	24 May 2016	-	50.0%	-
Midas Prosperity Sdn Bhd	Property development	Non-Executive Director	28 March 2016	-	-	-
Divine Inventions	Investment holding	Non-Executive Director	9 January 2015	-	-	-
Fortune Merger Sdn Bhd	Export and import of a variety of goods	Non-Executive Director	1 April 2014	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Platinum Eminent Sdn Bhd	Property development	Non-Executive Director	25 March 2014	-	-	-
Starken Drymix Solutions Sdn Bhd	Manufacture and sale of plaster and mortar	Executive Director	1 August 2013	-	-	-
Perimore Sdn Bhd	Hotel business	Non-Executive Director	13 June 2013	-	-	-
PP Chin Hin Group Sdn Bhd	General trading	Executive Director	22 January 2013	-	33.3%	-
Aera Property Group Sdn Bhd	Property development	Non-Executive Director	18 December 2012	-	-	-
Comet Steel Sdn Bhd	Dormant with no intended activities	Executive Director	12 July 2012	-	-	-
Green Cement Sdn Bhd	General trading	Executive Director	4 July 2012	-	-	-
Leverage Hospitality Sdn Bhd	Boutique hotel business	Non-Executive Director	27 June 2012	-	50.0%	-
G-Cast Concrete Sdn Bhd	Manufacturing and sales of precast concrete products	Executive Director	11 December 2011	-	-	-
Chin Hin Concrete Holdings Sdn Bhd	Investment holding	Executive Director	29 November 2011	-	-	-
Chin Hin Concrete Holdings (North) Sdn Bhd	Distribution of ready-mixed concrete	Executive Director	31 October 2011	-	-	-
LV Sand Sdn Bhd	Dormant with no intended activities	Non-Executive Director	31 October 2011	-	50.0%	-
PP Chin Hin Realty Sdn Bhd	Property management and investment holding	Non-Executive Director	6 October 2011	-	30.0%	-
Metex Steel Sdn Bhd	Manufacturing and sales of steel wire mesh	Executive Director	22 August 2011	-	-	-
Asthetik Bangsar South Sdn Bhd	Dormant with no intended activities	Non-Executive Director	25 May 2011	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Eupe Bangsar South Development (JV) Sdn Bhd	Property development	Non-Executive Director	8 June 2011	-	-	-
Kelang Lama Land Sdn Bhd	Property development	Non-Executive Director	12 January 2010	-	35.0%	-
Laksana Saujana Sdn Bhd	Letting of industrial land	Non-Executive Director	31 December 2009	-	50.0%	-
Ace Logistic Sdn Bhd	Property investment holding	Executive Director	11 January 2010	-	-	-
Chin Hin Concrete Mix Sdn Bhd	Investment holding	Non-Executive Director	16 October 2008	-	50.0%	-
Chin Hin Hotel Sdn Bhd	Hotel business	Non-Executive Director	3 September 2008	-	-	-
Chin Hin Conrete (KL) Sdn Bhd	Selling, distribution and transporting of ready-mixed concrete	Executive Director	1 June 2008	-	-	-
Landmark Grace Development Sdn Bhd	Investment holding	Non-Executive Director	16 May 2008	-	50.0%	-
C & H Transport Sdn Bhd	Transportation of cement	Executive Director	18 March 2008	-	-	-
PP Chin Hin Sdn Bhd	Distribution of building materials, letting of properties and hire purchase financing	Executive Director	9 January 2008	-	-	-
Chin Hin Plywood Co. Sdn Bhd	Dormant with no intended principal activities	Non-Executive Director	9 January 2008	-	-	-
Asthetik KL South Sdn Bhd	Property development	Non-Executive Director	9 January 2008	-	-	-
Pintar Muda Development Sdn Bhd	Property development	Non-Executive Director	9 January 2008	-	-	-
Chin Hin Land Sdn Bhd	Property development	Non-Executive Director	9 January 2008	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Chin Hin Building Materials Supply (JB) Sdn Bhd	Dormant with no activities	Non-Executive Director	9 January 2008	-	-	-
Starken AAC Sdn Bhd	Manufacturing and sales of aerated concrete products	Executive Director	9 January 2008	-	-	-
Metex Modular Sdn Bhd	Construction and building using steel	Executive Director	2 November 2017	-	-	-
Sentosa Masa Sdn Bhd	Investment holding	Non-Executive Director	14 January 2010	15 May 2015	10.0%	-
Saujana Vision Sdn Bhd	Builders and contractor of construction works	Non-Executive Director	3 January 2019	-	-	-
BKHS Capital Sdn Bhd	Property development	Executive Director	8 April 2019	-	-	-
Past involvement in private business						
Coromax Sdn Bhd	Dormant with no activities	Non-Executive Director	20 November 2014	23 January 2017	-	-
Formino Metal Sdn Bhd	Manufacture of metal roofing and structural steel system	Non-Executive Director	2 March 2014	8 May 2018	-	-
Grooveland Sdn Bhd	Investment holding	Non-Executive Director	26 December 2013	15 May 2015	-	-
GA Hotel Management Sdn Bhd	Provision of hotel and lodging facilities	Non-Executive Director	20 April 2009	8 September 2017	-	-
CH Teguh Development Sdn Bhd	Property development	Non-Executive Director	11 December 2011	22 May 2017	-	-

Note:

⁽¹⁾ Excluding a total of 700,000 shares bought-back by Chin Hin Group Property Berhad and retained as treasury shares as at LPD

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**(e) Chang Kong Foo**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement in public listed company</u>						
NTPM Holdings Berhad	Manufacturing of tissue paper and personal care products	Independent Non-Executive Director	19 September 2008	-	<0.1%	<0.1%
<u>Present involvement in private business</u>						
Chang Kong Foo & Co	Audit firm	Sole practitioner	5 July 1982	-	Not applicable	Not applicable
CAS Malaysia PLT	Audit firm	Partner	15 July 2008	-	Not applicable	Not applicable
(formerly known as CAS Malaysia & CAS & Associates)						
Zubir Chang & Co	Audit firm	Partner	3 May 2018	-	Not applicable	Not applicable
Tan Cheah & Co	Audit firm	Partner	1 March 2000	-	Not applicable	Not applicable
Beng Teik Foundation	Dialysis centre	Non-Executive Director	12 December 2012	-	-	-
CAS Business Advisory (Overseas) Sdn Bhd	Provision of business advisory and consulting services	Non-Executive Director	5 April 2013	-	24.0%	-
CAS Consulting Services Sdn Bhd	Consulting and related services	Non-Executive Director	31 July 2012	-	10.0%	-
Champ Tax Management (Kedah) Sdn Bhd	Tax consultation and management services	Executive Director	15 February 1998	-	99.9%	-
Champ Tax Management Sdn Bhd	Tax consultation and management services	Non-Executive Director	1 October 1999	-	20.0%	-
Chang-Jiang Garments Sdn Bhd	Investment holding	Non-Executive Director	6 December 1995	-	50.0%	-
Keat Hwa Private School	Provision of education	Non-Executive Director	29 February 1988	-	-	-
Key Focus Consulting Sdn Bhd	Consulting services	Executive Director	25 April 2004	-	99.9%	⁽¹⁾ 0.1%

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Key Focus Management Sdn Bhd	Provision of advisory and consulting services	Executive Director	13 December 2006	-	90.0%	⁽²⁾ 10.0%
Key Focus Tax Sdn Bhd	Tax consultation and management services	Executive Director	14 May 1988	-	5.0%	⁽³⁾ 95.0%
Lamhoe & Associates Sdn Bhd	Investment holding	Non-Executive Director	29 February 2004	-	3.8%	⁽⁴⁾ 96.2%
S.I.A. Tax Services Sdn Bhd	Tax services, consultants and accounting services	Non-Executive Director	14 February 1989	-	33.3%	-
SML Management Consultancy Sdn Bhd	Advisory and consultancy	Non-Executive Director	1 March 2006	-	20.0%	-
Zasan Enterprise Sdn Bhd	Investment holding	Non-Executive Director	1 April 2007	-	60.0%	⁽⁵⁾ 40.0%
CAS Tax Services Sdn Bhd	Tax services, consultants and accounting services	-	-	-	10.0%	-
Past involvement in private business						
Ibznss Solutions Sdn Bhd	Dissolved on 27 April 2017	-	-	-	49.0%	-

Notes:

- (1) Deemed interested by virtue of his children's shareholding pursuant to Section 8 of the Act
- (2) Deemed interested by virtue of his spouse's shareholding pursuant to Section 8 of the Act
- (3) Deemed interested by virtue of his shareholding in Lamhoe & Associates Sdn Bhd and Champ Tax Management (Kedah) Sdn Bhd pursuant to Section 8 of the Act
- (4) Deemed interested by virtue of his spouse and children's shareholding pursuant to Section 8 of the Act
- (5) Deemed interested by virtue of his spouse and children's shareholding pursuant to Section 8 of the Act

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**(f) Fong Shin Ni**

Company	Principal activities	Position held	appointment	resignation	Direct	Indirect
<u>Present involvement in public listed company</u>						
Green Ocean Corporation Berhad	Palm kernel crushing, crude palm kernel oil, palm kernel expeller and trading of variety of palm oil products and wholesale trading of variety of biomass and alternative fuels	Independent Non-Executive Director	5 December 2017	-	-	-
<u>Present involvement in private business</u>						
Chew Kar Meng, Zahardin & Partners	Legal firm	Partner	3 May 2006	-	Not applicable	Not applicable
Wyatson Sdn Bhd	Property investment holding	Executive Director	6 September 2010	-	50.0%	-
Shurui Sdn Bhd	Property investment holding	Non-Executive Director	-	-	10.0%	-

As at LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

Save as disclosed in Section 11.1, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Managing Director and Executive Director in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

Please refer to Section 11.1 for details of conflict of interest between our Group and our Directors and substantial shareholders.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 31 March 2019 and 31 March 2020 are as follows:

FYE 31 March 2019	Directors' fees	Salaries	(1) Bonuses	Other emolument	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Che Halin Bin Mohd Hashim	-	-	-	-	-	-
Lim Chin Siu	-	240	50	36	8	334
Tan Chyi Boon	-	222	44	33	8	307
Chiau Haw Choon	-	-	-	-	-	-
Chang Kong Foo	-	-	-	-	-	-
Fong Shin Ni	-	-	-	-	-	-
Proposed for FYE 31 March 2020	Directors' fees	Salaries	(1) Bonuses	Other emolument	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Che Halin Bin Mohd Hashim	60	-	-	6	-	66
Lim Chin Siu	-	384	(1)	52	54	490
Tan Chyi Boon	-	360	(1)	49	54	463
Chiau Haw Choon	36	-	-	6	-	42
Chang Kong Foo	36	-	-	6	-	42
Fong Shin Ni	36	-	-	6	-	42

Note:

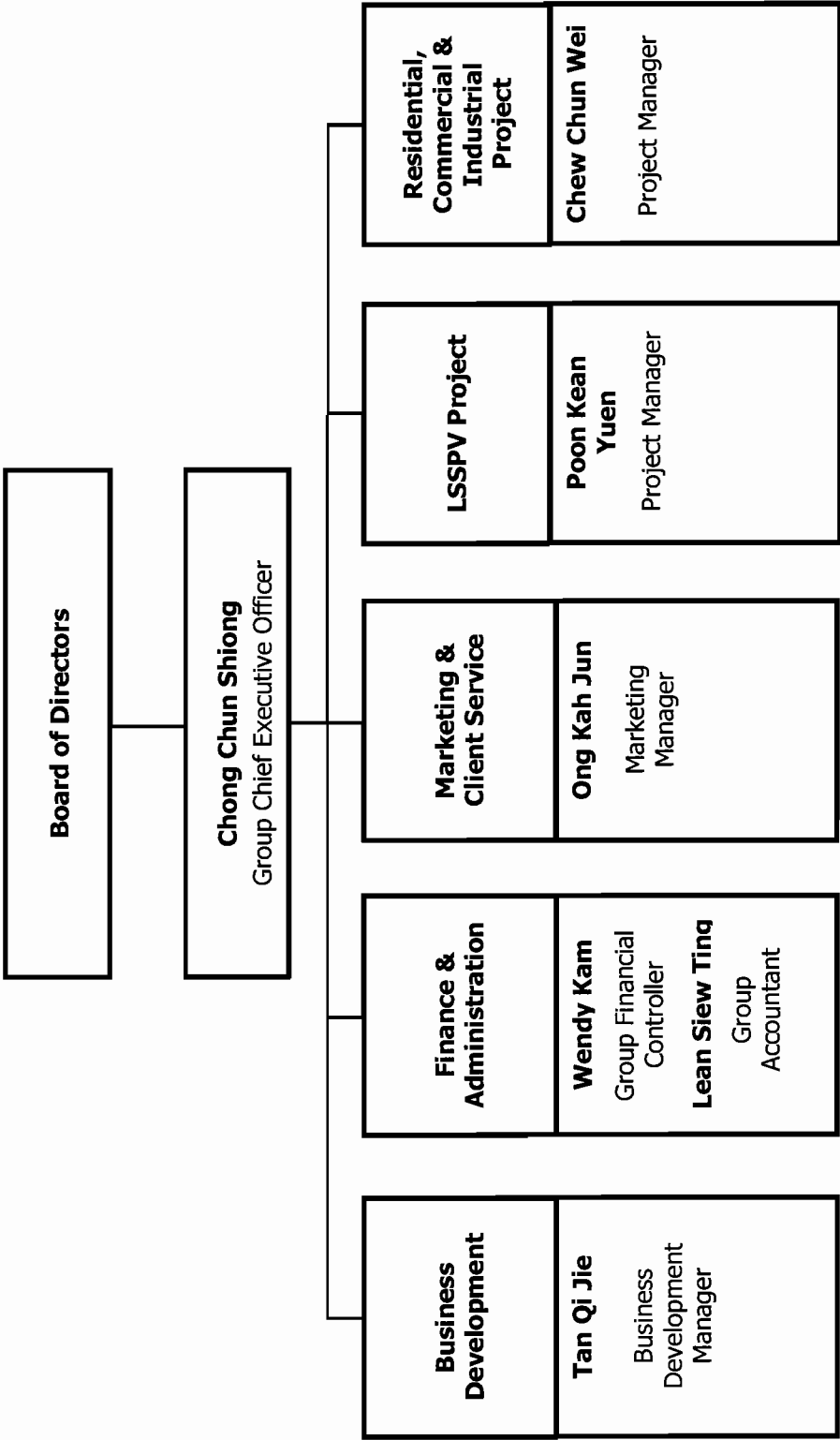
- (1) The bonuses for FYE 31 March 2020 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board

The remuneration for Managing Director and Executive Director must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Directors' fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management reporting structure



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.3.2 Key senior management shareholdings**

The shareholdings of our key senior management before and after IPO assuming that our key senior management fully subscribe for their Pink Form Allocations are set out below:

	Before IPO ⁽¹⁾			After IPO ^{(2) (3)}		
	Direct		Indirect		Direct	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Name	Designation/ Nationality					
Lim Chin Siu	Managing Director/ Malaysian	-	(4)160,487,655	55.0	-	(4)160,487,655
						41.1
Tan Chyi Boon	Executive Director/ Malaysian	-	(4)160,487,655	55.0	-	(4)160,487,655
						41.1
Chong Chun Shiong	Group Chief Executive Officer/ Malaysian	-	-	-	-	-
Wendy Kam	Group Financial Controller/ Malaysian	-	-	-	300,000	0.1
						-
Poon Kean Yuen	Project Manager/ Malaysian	-	-	-	400,000	0.1
						-
Lean Siew Ting	Group Accountant/ Malaysian	-	-	-	300,000	0.1
						-
Chew Chun Wei	Project Manager/ Malaysian	-	-	-	200,000	0.1
						-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name	Designation/ Nationality	Before IPO ⁽¹⁾			After IPO ^{(2) (3)}		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%		No. of Shares	%	
Tan Qi Jie	Business Development Manager/ Malaysian	-	-	-	300,000	0.1	-
Ong Kah Chun	Marketing Manager / Malaysian	-	-	-	300,000	0.1	-

Notes:

- (1) Based on the issued share capital of 291,795,655 Shares after completion of Acquisition but before IPO
- (2) Based on the enlarged issued share capital of 390,623,655 Shares after IPO
- (3) Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations
- (4) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3.3 Profiles of key senior management

Save for the profiles of our Managing Director and Executive Director, which are disclosed in Section 5.2.2, the profiles of our other key senior management are as follows:

Chong Chun Shiong, a Malaysian, aged 39, is our Group Chief Executive Officer. He is also a member of our Risk Management Committee. He is primarily responsible for overseeing our Group's daily operations and implementation of organisation wide strategies. He also acts as our Group's liaison with the relevant authorities for our solar PV projects.

He graduated from Universiti Teknologi Malaysia in 2003 with a Bachelor (Hons) degree in Engineering majoring in Electrical and Mechatronics. In 2012, he obtained a Master of Business Administration from University of Ballarat, Australia.

He began his career with Intel Technology Sdn Bhd as a Failure Analysis Engineer in 2003 where he was involved in conducting various product tests and failure analysis to ensure smooth new product introductions. He left in 2007 and joined Avago Technologies (M) Sdn Bhd in 2008 as a Senior Research & Development Project Lead where his responsibilities include leading and managing the product development activities based on product requests by the marketing team. Such product development activities comprise product design, product qualification and mass production verification.

He was later promoted to Product Marketing Manager in 2010 where his responsibilities include overseeing the marketing function for the company's industrial business segment and strategising marketing programs for new product releases covering the Asia Pacific and Europe. During his stint at Avago Technologies (M) Sdn Bhd, he also pursued his Master of Business Administration on a part time basis.

He left Avago Technologies (M) Sdn Bhd in 2013 and joined Dell Global Business Centre Sdn Bhd as a Product Marketing Manager. His responsibilities include developing the company's third party software solutions division, concentrating on selected markets in Asia Pacific such as the South East Asia region, China, Australia and New Zealand. He left in 2014 and joined Atlantic Blue as Marketing Director where he developed and implemented various EPCC strategic marketing plans for Atlantic Blue. He was subsequently promoted to his current position in 2017.

Wendy Kam, a Malaysian female aged 49, is our Group Financial Controller. She is primarily responsible for overseeing and monitoring our Group's financial accounting and taxation matters as well as the planning and coordination of financial reporting activities. She has more than 20 years of experience in the accountancy and finance field.

She holds a professional qualification from the Association of Chartered Certified Accountants since 1997. She also obtained a Master's degree in Business Administration, majoring in Accountancy from Universiti Malaya in 2003, which she undertook on a part time basis. She is also a member of the Malaysian Institute of Accountants since 1999.

She began her career in 1993 when she joined Diong T.P. & Tan as Audit Assistant, where she was responsible for performing audit duties covering small and medium sized companies. She then left and joined NEC Sales (Malaysia) Sdn Bhd in 1994 as Assistant Accounts Officer where she was responsible for preparing reports, financial and accounts related statements of the company. She left in 1995 to join WTK Holdings Berhad as Accountant, where she was responsible for overseeing the company's treasury matters and reviewing its monthly management accounts.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

She left in 2001 to join Kolej Tunku Abdul Rahman (Penang) as a lecturer of business accounting courses. She left in 2003 to join Syed Mokhsain Holdings Sdn Bhd as Head of Accounting, where she was responsible for overseeing the company's overall financial and accounting activities. She then left to join Volt Asia Enterprises (M) Sdn Bhd in 2006 as Senior Accountant, where she was responsible for its accounting operations as well as coordinating the accounting responsibilities with its corporate office located in the United States of America. She was subsequently promoted to Operations Manager in 2008. She left in 2009 and took a sabbatical leave to attend to personal matters.

She returned to employment in 2010 when she joined Masterskill (M) Sdn Bhd as Finance Manager responsible for managing the company's cash flow and monthly management reports. She was subsequently promoted as Head of Internal Audit in Masterskill Education Group Berhad in 2011 and was responsible for managing the group's internal audit matters. She left in 2012 to join Stamford College (PJ) Sdn Bhd as Financial Controller, where she was responsible for overseeing the finance and accounting matters of the company and its subsidiary. During her tenure there, she was also involved in the company's corporate finance matters. She left in 2013 to join SCH Group Berhad as Financial Controller where she was responsible for overseeing the group's financial accounting and taxation matters. She left to join our Group in her current capacity in 2018.

Poon Kean Yuen, a Malaysian, aged 41, is our Project Manager and is responsible for overseeing our Group's LSSPV projects. He graduated from National University of Singapore in 2003 with a Bachelor's degree in Electrical Engineering.

He began his career with National Instruments (S) Pte Ltd in 2004 as Internal Sales Engineer, where he was involved in systems configurations and product development activities. He left the company in 2004 and joined Shimano (S) Pte Ltd in 2005 as Research and Development Engineer where his responsibilities included designing, development, assembly and testing of systems software, hardware platforms and firmware for products.

He left to join National Instruments Sdn Bhd in 2006 as Applications Engineer, leading the applications engineering team for the Malaysian office where he was involved in overseeing the pre-sales and post-sales services which include on-site technical support, providing technical training as well as development of products for customer applications.

He left in 2009 and joined Teradyne Malaysia Sdn Bhd as Field Application Engineer where he was responsible for providing engineering support as well as product testing activities. He left after 2 years. From 2011 to 2014, he was attached to WPGSYS Technologies Sdn Bhd as Project Manager handling the implementation of the company's projects.

He joined Atlantic Blue in 2014 as a Business Development Manager where his responsibilities include designing and developing solar PV systems and managing on-going projects. He was promoted to his current position in 2018.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Lean Siew Ting, a Malaysian, aged 39, is our Group Accountant. She is responsible for our Group's day-to-day accounting operations and finance-related matters and reports to our Group Financial Controller. She is also responsible for the human resource and administrative functions of our Group. She graduated from Universiti Utara Malaysia in 2005 with a Bachelor's degree in Accounting. She is a member of the Malaysian Institute of Accountants since 2017.

She began her career in 2005 with Deloitte Kassim Chan as Audit Assistant where her role included conducting audit field work, covering clients in the manufacturing, trading and property development industries, amongst others. She left the firm in 2007 as Audit Senior to join DXN Holdings Bhd as Senior Finance Executive where her responsibilities included preparing consolidated financial statements for the company's local and foreign subsidiaries. She was also responsible for preparing the company's quarterly financial reports for submission to Bursa Securities.

She left in 2011 to join Ocean Electrical Co. Sdn Bhd as Senior Accounts Executive and was responsible for preparing the company's budget and cash flow planning. She was also responsible for preparing and controlling project costings, monthly accounts as well as payments to suppliers and sub-contractors. She left in 2014 to join Atlantic Blue as Senior Finance Manager. She was subsequently reassigned to her current position in 2018. Prior to the employment of our Group Financial Controller in 2018, she was the person primarily responsible for the finance functions of our Group.

She also acts our Company Secretary.

Chew Chun Wei, a Malaysian, aged 33, is our Project Manager. He is in charge of our Group's residential, commercial and industrial projects. He oversees the implementation of projects from conducting engineering site survey to developing, supervising and reviewing the solar PV system designs, as well as managing project expenditures and budgets.

He graduated with a Bachelor of Engineering in Aerospace Engineering from Universiti Sains Malaysia in 2010. He is a member of the Board of Engineers Malaysia since 2012. He is also a Grid-Connected Photovoltaic System Design competent person, certified by SEDA.

Upon the completion of his apprenticeship with CTRM Aero Composites Sdn Bhd in 2010, he began his career as Design Engineer in Aerotech Design Malaysia Sdn Bhd in 2011, where he was responsible for designing tools in accordance with the standards and requirements specified by the customers. He then joined Stoppani Tec Sdn Bhd in 2012 as Procurement Engineer and eventually promoted to Senior Sourcing Engineer. During his stint there, he was involved in reviewing bid drawings, analysing suppliers' quotation proposals to devise sourcing strategies and procurement plan. He left to join Faeth Asia Pacific Sdn Bhd in 2014 as Project Engineer where he was responsible for project planning, execution and completion activities. He left to join our Group in his current position in 2017.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Tan Qi Jie, a Malaysian, aged 29, is our Business Development Manager. He assists Tan Chyi Boon, our Executive Director on matters relating to our Group's business development. He graduated from University of Leeds, UK in 2012 with a Bachelor's degree in Civil and Structural Engineering. He is also a Grid-Connected Photovoltaic System Design competent person, certified by SEDA.

He began his career in 2013 when he joined Teong Jin Building Contractor Sdn Bhd as Project Engineer where he was involved in various stages of construction projects from coordination and monitoring of assigned projects to providing technical support to other project participants. He left 8 months later to join Atlantic Blue as Project Manager where he was responsible for organising and coordinating project activities.

He was subsequently promoted to lead the residential project segment in 2014, where he was responsible for overseeing our Group's residential projects. He was later reassigned to lead our Group's licensing department in 2015; where he was responsible for overseeing and managing all FIT tender submissions. Later in 2015, he was reassigned to lead our Group's procurement and inventory department, where he was responsible for overseeing the procurement functions and managing our inventory activities in Kedah, Penang and Kuala Lumpur.

He was transferred to Solarvest Energy in 2016 and was responsible for overseeing our Group's commercial and industrial project segment. He was subsequently reassigned to his current position in 2018.

Ong Kah Jun, a Malaysian aged 31, is our Marketing Manager. He is primarily responsible for developing and implementing our Group's strategic marketing plans and campaigns. He graduated from Liverpool John Moores University, UK in 2011 with a Bachelor (Hons) degree in Electronics and Control Systems Engineering.

He began his career with Vision Industry Sdn Bhd as Engineering Technician in 2008 while pursuing his Advanced Diploma in Electronic Engineering from Tunku Abdul Rahman College. As an Engineering Technician, he was responsible for, amongst others, reviewing and proposing new printed circuit board designs and programming of production machinery. He left in 2009 to pursue his engineering degree on a full time basis.

Upon graduation, he joined NCS Information Systems Sdn Bhd in 2012 as Electrical Validation Engineer where he was involved in product validation and process debugging activities. He left in 2013 to join CKJ Takagism Enterprise in 2014, an indoor recreational operator, as Management Executive where he was involved in supervising the preparation and coordination of new store openings and development of marketing campaigns.

He left in 2015 to join Atlantic Blue as Sales and Marketing Executive, where his role include securing new sales leads and attending to customers during the sales process. He was also involved in the development and implementation of the company's marketing plans. He was promoted to his current position in 2016.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
5.3.4 Principal business performed outside our Group

Save as disclosed below and in Section 5.2.3, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group as at LPD:

(a) Chong Chun Shiong

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement in private business</u> AB Holdings	Investment holding	Executive Director	27 July 2017	-	10.0%	-
<u>Past involvement in private business</u> Cruduso Sdn Bhd	Design and trading services for electronics and automation parts	Executive Director	12 November 2007	23 February 2014	25.0%	-
PB Green Farm Sdn Bhd	Dormant with no intended principal activities	Non-Executive Director	24 February 2014	14 January 2016	-	-

(b) Lean Siew Ting

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Past involvement in private business</u> PB Green Farm Sdn Bhd	Dormant with no intended principal activities	Non-Executive Director	14 January 2016	27 April 2017	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**(c) Tan Qi Jie**

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement in private business</u> Adocess Sdn Bhd	Online healthcare platform	Non-Executive Director	9 January 2017	-	41.0%	-
<u>Past involvement in private business</u> CB Ecofarm Sdn Bhd	Dormant with no intended activities	Non-Executive Director	24 February 2014	27 April 2017	-	-

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.5 Key senior management remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid (in bands of RM50,000) to our key senior management for services rendered in all capacities to our Group for FYE 31 March 2019 and 31 March 2020 are as follows:

FYE 31 March 2019	⁽¹⁾ Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Chong Chun Shiong	250-300	0-50	250-300
Wendy Kam	0-50	-	0-50
Poon Kean Yuen	100-150	0-50	100-150
Lean Siew Ting	100-150	-	100-150
Chew Chun Wei	100-150	-	100-150
Tan Qi Jie	50-100	0-50	50-100
Ong Kah Jun	50-100	0-50	50-100
Proposed for FYE 31 March 2020	⁽¹⁾ Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Chong Chun Shiong	350-400	50-100	400-450
Wendy Kam	200-250	-	200-250
Poon Kean Yuen	100-150	0-50	100-150
Lean Siew Ting	100-150	-	100-150
Chew Chun Wei	100-150	0-50	100-150
Tan Qi Jie	100-150	0-50	100-150
Ong Kah Jun	100-150	0-50	100-150

Note:

- ⁽¹⁾ The remuneration for key senior management includes salaries, allowances as well as other benefits. The bonuses for FYE 31 March 2020 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.4 BOARD PRACTICE**5.4.1 Board**

Our Board members are from diversified backgrounds in terms of age and expertise. They have professional experience ranging from corporate, legal, accounting and tax as well as industry experience from the building materials and solar PV industries. Our Board is of the opinion that at present there is adequate diversity in skills, experience, age, cultural background and gender in its composition.

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (i) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (ii) To set, review and adopt strategic plans, values and standards for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (iii) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (iv) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;
- (v) To review and approve our annual business plans, financial statements and annual reports;
- (vi) To supervise and assess management performance to determine whether the business is being properly managed;
- (vii) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group;
- (viii) To ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (ix) To ensure the integrity of our company's financial and non-financial reporting; and
- (x) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

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

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no. of months in office as at LPD
Dato' Che Halin Bin Mohd Hashim	14 September 2018	At our third annual general meeting to be held in 2020 ⁽¹⁾	12 months
Lim Chin Siu	20 September 2017	At our second annual general meeting to be held in 2019 ⁽¹⁾	24 months
Tan Chyi Boon	20 September 2017	At our fourth annual general meeting to be held in 2021 ⁽¹⁾	24 months
Chiau Haw Choon	14 September 2018	At our second annual general meeting to be held in 2019 ⁽¹⁾	12 months
Chang Kong Foo	14 September 2018	At our fourth annual general meeting to be held in 2021 ⁽¹⁾	12 months
Fong Shin Ni	14 September 2018	At our third annual general meeting to be held in 2020 ⁽¹⁾	12 months

Note:

- ⁽¹⁾ In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The members of our Board are set out in Section 5.2.

5.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters. The terms of reference of our Audit Committee include the following:

- (i) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (ii) To review the engagement, compensation, performance, qualifications of our internal auditors and the adequacy of the scope, functions and resources of the internal auditors;
- (iii) To review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iv) To review the adequacy and effectiveness of the risk management systems, internal controls and governance processes implemented in the Company;
- (v) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (vi) To perform such other functions as may be requested by our Board.

The recommendations of our Audit Committee are subject to the approval of our Board.

The members of our Audit Committee as at LPD are as follows:

Name	Designation	Directorship
Chang Kong Foo	Chairman	Independent Non-Executive Director
Dato' Che Halin Bin Mohd Hashim	Member	Independent Non-Executive Chairman
Fong Shin Ni	Member	Independent Non-Executive Director

Our Nominating Committee will review the composition, performance and effectiveness of our Audit Committee annually.

5.4.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The terms of reference of our Remuneration Committee include the following:

- (i) To recommend a framework of remuneration for our Managing Director, Executive Director and key senior management for the Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (ii) To recommend specific remuneration packages for Managing Director, Executive Director and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Director and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (iii) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Managing Director and Executive Director and key senior management;
- (iv) To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management; and
- (v) To perform such other functions as may be requested by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Dato' Che Halin Bin Mohd Hashim	Chairman	Independent Non-Executive Chairman
Chang Kong Foo	Member	Independent Non-Executive Director
Fong Shin Ni	Member	Independent Non-Executive Director
Chiau Haw Choon	Member	Non-Independent Non-Executive Director

5.4.4 Nominating Committee

The terms of reference of our Nominating Committee include the following:

- (i) To assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (ii) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (iii) To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole and the effectiveness of each Director; and the performance of our Managing Director and Executive Director. The annual assessment to be conducted would be based on objective performance criteria approved by our Board;
- (iv) To ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (v) To assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from our Director and thereafter, to inform our Audit Committee of the same. After deliberation with our Audit Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest;
- (vi) To evaluate the effectiveness of our Board and the relevant Board committees; and
- (vii) To ensure an appropriate framework and succession planning for our Board and senior management.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The recommendations of our Nominating Committee are subject to the approval of our Board.

The members of our Nominating Committee as at LPD are as follows:

Name	Designation	Directorship
Fong Shin Ni	Chairman	Independent Non-Executive Director
Chang Kong Foo	Member	Independent Non-Executive Director
Dato' Che Halin Bin Mohd Hashim	Member	Independent Non-Executive Chairman
Chiau Haw Choon	Member	Non-Independent Non-Executive Director

5.4.5 Risk Management Committee

Our Board has the overall responsibility for risk oversight and risk management within our Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The objectives of the framework are to ensure the provision of quality product and services and monitor the risk culture and processes throughout our Group to take advantage of opportunities while managing risks that may adversely affect our reputation and achievement of business objectives.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (i) To oversee and recommend the risk management policies and procedures of our Group;
- (ii) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (iii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (iv) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (v) To review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks; and
- (vi) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite.

The recommendations of our Risk Management Committee are subject to the approval of our Board.

The members of our Risk Management Committee as at LPD are as follows:

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name	Designation	Directorship
Chang Kong Foo	Chairman	Independent Non-Executive Director
Fong Shin Ni	Member	Independent Non-Executive Director
Chong Chun Shiong	Member	Group Chief Executive Officer

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD:

- (i) Datuk Seri Chiau Beng Teik and Datin Seri Wong Mee Leng (both our substantial shareholders) are spouses and parents of Chiau Haw Choon (our Non-Independent Non-Executive Director and substantial shareholder); and
- (ii) Tan Qi Jie (our key senior management), Tan Chyi Boon (our Promoter, substantial shareholder and Executive Director) and Tan Paw Boon (a shareholder of our Promoter) are siblings.

5.6 EXISTING OR PROPOSED SERVICE CONTRACTS

As at LPD, there are no existing or proposed service contracts entered into between the companies within our Group, with our Directors or key senior management.

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors and key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

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

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS
AND KEY SENIOR MANAGEMENT (Cont'd)**

- (vii) Being the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) Have any unsatisfied judgment against him/her.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON SOLARVEST

Solarvest was incorporated in Malaysia on 20 September 2017 as a public limited company under its present name.

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of EPCC services and operations and maintenance of solar PV systems. In addition, we also own a solar PV plant. There have been no material changes in the manner in which we conduct our business or activities since the incorporation of our Company up to LPD.

Please refer to Section 7.1 for detailed information of our Group's history.

6.2 SHARE CAPITAL

Our share capital as at LPD is RM26,261,610 comprising 291,795,655 Shares. The movements in our share capital since our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/Types of issue	Cumulative share capital
			RM
20 September 2017	2	RM2/Subscribers' shares	2
3 September 2018	20 ⁽¹⁾	Not applicable /Subdivision of shares	2
4 September 2018	80	⁽²⁾ RM8/Issue for cash	10
8 July 2019	291,795,555	RM26,261,600/Consideration for the Acquisition	26,261,610

Notes:

- (1) Not applicable as the subdivision of shares does not involve any consideration
- (2) The issuance of 80 shares to Lim Chin Siu and Tan Chyi Boon was undertaken to make up to 1 board lot of 100 shares

As at LPD, we do not have outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of IPO, our enlarged share capital will increase from RM26,261,610 comprising 291,795,655 Shares to RM60,851,410 comprising 390,623,655 Shares.

6.3 INTERNAL RESTRUCTURING

We have undertaken the Internal Restructuring in preparation for our Listing.

6. INFORMATION ON OUR GROUP (Cont'd)**6.3.1 Capitalisation of Advances**

Lim Chin Siu, Tan Chyi Boon and Datuk Seri Chiau Beng Teik had during FYE 31 March 2019 advanced a total of RM7,200,000 to Atlantic Blue. These advances were non-trade related, unsecured, interest free and repayable on demand. In relation to the advances by Datuk Seri Chiau Beng Teik, they were provided to Atlantic Blue in his personal capacity and he will not be reimbursed nor receive any incentives from Chin Hin for providing such advances. The advances were not given by Chin Hin as a shareholder of Atlantic Blue because Chin Hin, a public listed company, is not allowed to provide financial assistance to its associated company.

As the advances were interest free, they were not granted to us on arm's length basis. Further details of the advances are set out in Section 10.1.2(ii). Further details of the utilisation of the advances are set out in Section 12.3.1.

On 20 January 2019, Atlantic Blue, Lim Chin Siu, Tan Chyi Boon and Datuk Seri Chiau Beng Teik entered into a subscription agreement whereby the entire advances of RM7,200,000 will be capitalised via issuance of 7,200,000 RPS based on the amount of their respective advances, at an issue price of RM1.00 each.

The breakdown of RPS issuance pursuant to the subscription agreement is as follows:

RPS holder	Advances (RM)	No. of RPS issued	% of preference shareholdings
Lim Chin Siu	1,554,639	1,554,639	21.6
Tan Chyi Boon	1,520,361	1,520,361	21.1
Datuk Seri Chiau Beng Teik	4,125,000	4,125,000	57.3
Total	7,200,000	7,200,000	100.0

The RPS was issued, allotted and completed on 13 February 2019. Atlantic Blue may redeem the RPS any time after its issuance and all outstanding RPS shall be redeemed on the 5th anniversary of the date of issuance of the RPS (unless otherwise extended). The redemption price for each RPS shall be equivalent to its issue price of RM1.00 each. The RPS has no voting rights, is not transferable, not listed on any stock exchange and not entitled to any form of dividend payment.

6.3.2 Acquisition

On 30 January 2019, we entered into a conditional sale and purchase agreement with Atlantic Blue Vendors to acquire the entire equity interest in Atlantic Blue comprising 1,000,000 ordinary shares for a total purchase consideration of RM26,261,600. The purchase consideration for the Acquisition was satisfied by the issuance of 291,795,555 new Shares to the Atlantic Blue Vendors at an issue price of RM0.09 each.

Atlantic Blue Vendor	No. of Atlantic Blue shares acquired	% of share capital in Atlantic Blue	Purchase consideration RM	No. of Shares issued
AB Holdings	550,000	55.0	14,443,880	160,487,555
Chin Hin	450,000	45.0	11,817,720	131,308,000
Total	1,000,000	100.0	26,261,600	291,795,555

6. INFORMATION ON OUR GROUP (Cont'd)

The Acquisition was conditional upon approval of Bursa Securities being obtained for the Listing, which was obtained on 27 May 2019. The Acquisition was then completed on 15 July 2019. Thereafter, Atlantic Blue became our wholly-owned subsidiary. The total purchase consideration of RM26,261,600 for the Acquisition was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the adjusted consolidated NA of Atlantic Blue Group as at 31 October 2018 of RM26,261,668.

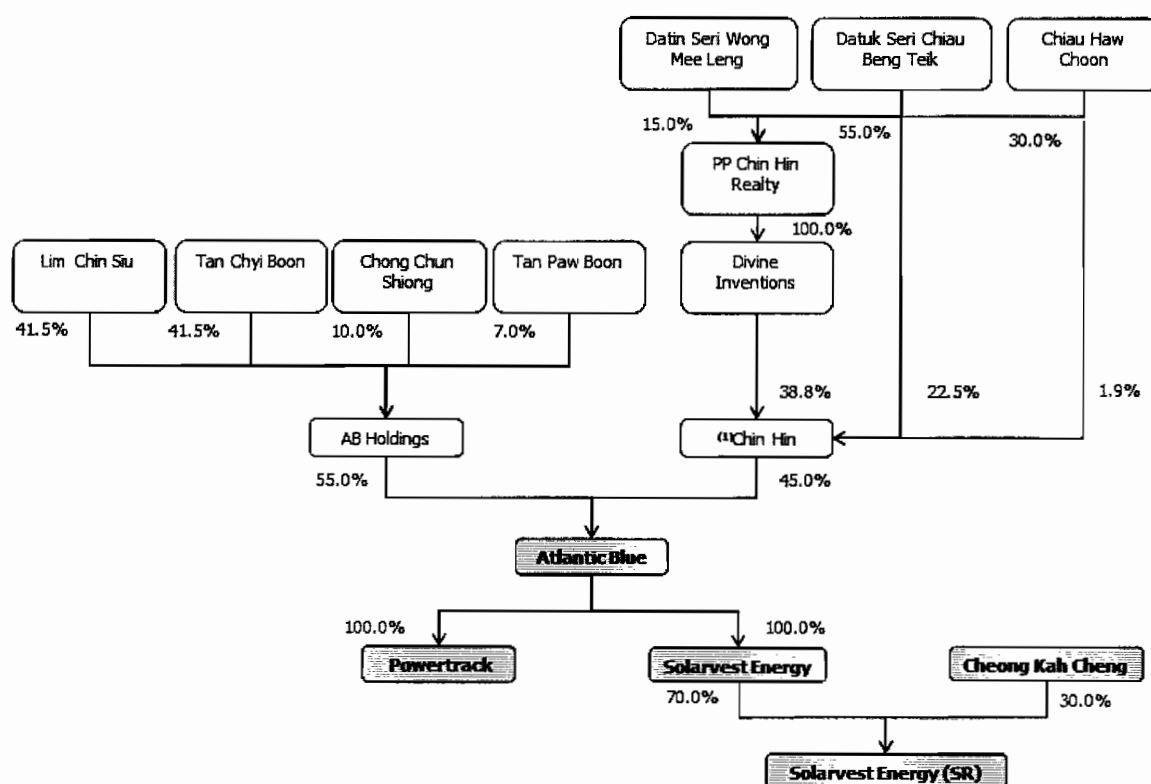
The new Shares issued under the Acquisition rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6.3.3 Group structure

The Capitalisation of Advances does not have any effect on our group structure. Our Group structure before and after the Acquisition and IPO is as follows:

Prior to the Acquisition, Solarvest does not have any subsidiaries or associated companies, and the sole shareholder of Solarvest is AB Holdings.

The group structure of Atlantic Blue Group before the Acquisition is as follows:

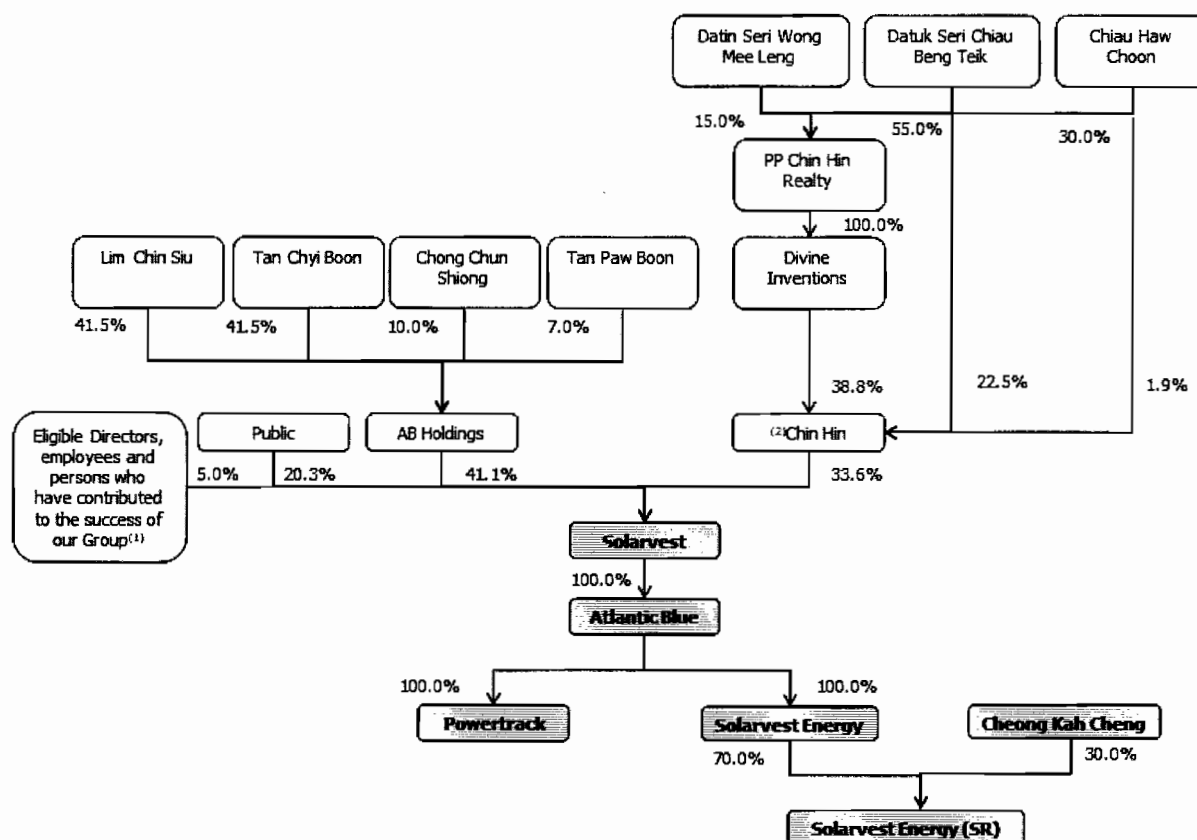


Note:

- (1) The remaining shares in Chin Hin are held by the public

6. INFORMATION ON OUR GROUP (Cont'd)

The group structure of Solarvest Group after the Acquisition and IPO is as follows:

**Notes:**

- (1) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations
- (2) The remaining shares in Chin Hin are held by the public

The shareholders of AB Holdings have provided an undertaking not to sell, transfer or assign their shareholdings in AB Holdings during the moratorium period. Please refer to Section 3.2 for further details on the moratorium. As Chin Hin is a public company listed on Main Market of Bursa Securities, the shareholders of Chin Hin are not under moratorium and may purchase additional shares or dispose their shares in Chin Hin in the open market.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at LPD, we do not have any associated companies. Details of our subsidiaries are summarised as follows:

Company	Company No.	Date/ Place of incorporation	Principal place of business	Effective equity interest %	Principal activities
Subsidiary of our Company Atlantic Blue	686139-X	26 March 2005/ Malaysia	Malaysia	100.0	Provision of EPCC services for solar PV systems and investment in solar PV plant
Subsidiaries of Atlantic Blue Powertrack	1173857-K	26 January 2016/ Malaysia	Malaysia	100.0	Provision of design, testing and commissioning and operations and maintenance of solar PV systems
Solarvest Energy	1194560-T	14 July 2016/ Malaysia	Malaysia	100.0	Provision of EPCC services for solar PV systems
Subsidiary of Solarvest Energy Solarvest Energy (SR)	1320152-A	29 March 2019/ Malaysia	Malaysia	70.0	Provision of EPCC services for solar PV systems

6. INFORMATION ON OUR GROUP (Cont'd)

6.5 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to LPD, there were:

- (i) No public take-over offers by third parties in respect of our Shares; and
- (ii) No public take-over offers by our Company in respect of other companies' shares.

6.6 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 31 March 2016 to 2019 and up to the date of this Prospectus:

- (i) Sale and purchase agreement dated 2 June 2015 entered into between Atlantic Blue and Astontec Industries Sdn Bhd for the acquisition of an intermediate 1½ storey factory building bearing postal address 26, Jalan Kikik, Taman Inderawasih, 13600 Prai, Penang for a total cash consideration of RM1,550,000, which was completed on 9 November 2015;
- (ii) Subscription agreement dated 20 January 2019 entered into between Atlantic Blue, Lim Chin Siu, Tan Chyi Boon and Datuk Seri Chiau Beng Teik for the Capitalisation of Advances. The RPS was issued and allotted on 13 February 2019;
- (iii) Sale and purchase agreement dated 30 January 2019 entered into between our Company and Atlantic Blue Vendors for the Acquisition, which was completed on 15 July 2019;
- (iv) Joint venture agreement dated 26 April 2019 entered into between Solarvest Energy and Cheong Kah Cheng in respect of the incorporation of Solarvest Energy (SR) for the purpose of undertaking EPCC projects in Southern Region of Peninsular Malaysia; and
- (v) Underwriting Agreement dated 21 August 2019 entered into between our Company and M&A Securities for the underwriting of 39,062,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares being underwritten.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.7 MAJOR APPROVALS AND LICENCES**

Save for the general business approvals issued by the local councils, all of which are valid as at LPD, as well as disclosed below, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our operations as at LPD:

No.	Licencee	Issuing Authority/ Registration No.	Date of issue	Date of expiry	Licence number /Nature of approval	Equity and/or major conditions imposed	Compliance status
(i)	Atlantic Blue	Energy Commission	23 August 2017	22 August 2022	Certificate No. 2017/02267/ Certificate of Registration as Electrical Contractor	None	Not applicable
(ii)	Atlantic Blue	TNB	13 October 2017	9 October 2020	Registration No. 3048937/ Registration of Provider and Service Contractor	Validity of this certificate is subject to the validity of Certificate of Registration issued by Ministry of Finance, CIDB and all other professional bodies	Complied
(iii)	Atlantic Blue	Construction Industry Development Board (CIDB)	18 July 2019	4 October 2020	Registration No. 0120140828-KD158531/ Registration of Contractor Personnel (Grade G7)	None	Not applicable
(iv)	Atlantic Blue	SEDA	1 January 2019	31 December 2019	Registration No. SEDA-RPVSP-2019/026/ Registration of Solar Photovoltaic Service Provider	Changes to the corporate information of the company has to be updated vide the online portal of SEDA and in writing	To update SEDA on any changes to the corporate information of the licensee ⁽¹⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing Authority/ Registration No.	Date of issue	Date of expiry	Licence number /Nature of approval	Equity and/or major conditions imposed	Compliance status
(v)	Atlantic Blue	Ministry of Finance Malaysia	10 October 2017	9 October 2020	Registration No. K22154522591817829/ Certificate of Registration of Company	Newly registered company shall not change the shareholders or directors within 6 months from the date of registration	Complied
(vi)	Atlantic Blue	SEDA	8 July 2014	7 December 2035	Registration No. S2014070012/ Feed-in Approval	Changes to the corporate information of the company has to be updated vide the online portal of SEDA and in writing	To update SEDA on any changes to the corporate information of the licensee ⁽ⁱ⁾
(vii)	Solarvest Energy	SEDA	1 January 2019	31 December 2019	SEDA-RPVSP-2019/025/ Registration of Solar Photovoltaic Service Provider	Changes to the corporate information of the company has to be updated vide the online portal of SEDA and in writing	To update SEDA on any changes to the corporate information of the licensee
(viii)	Powertrack	SEDA	1 January 2019	31 December 2019	SEDA-RPVSP-2019/028/ Registration of Solar Photovoltaic Service Provider	Changes to the corporate information of the company has to be updated vide the online portal of SEDA and in writing	To update SEDA on any changes to the corporate information of the licensee

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Issuing Authority/ Registration		Date of issue	Date of expiry	Licence number /Nature of approval	Equity and/or major conditions imposed	Compliance status
	Licencee	No.					
(ix)	Atlantic Blue	MIDA	2 July 2015	1 December 2019	020/B18/002553/1/PS/ Pioneer Status Approval Letter	(i) The Company shall operate from Lot 999, Bandar Pokok Sena, 06400 Pokok Sena, Kedah (ii) The company shall carry out activity that generates energy from renewable sources within one year from the date of approval	Complied
(x)	Solarvest Energy	MIDA	19 March 2018	31 March 2020	410/40100/044651/00000 1ACI/ Tax Exemption Approval for Green Technology Service	(i) The debt to equity ratio shall not exceed 5:1 (ii) At least 80% of the full-time employees shall comprise Malaysian citizens	Complied
(xi)	Powertrack	MIDA	23 September 2016	31 March 2020	410/40100/043610/00000 1ACI Tax Exemption Approval for Green Technology Service	(i) At least 80% of the full-time employees shall comprise Malaysian citizens. (ii) The company is required to register with SEDA as a Solar PV service provider (iii) The establishment of this service will not result in a reduction in the existing share capital of the company	Complied
(xii)	Solarvest Energy	SEDA	5 April 2019	31 December 2019	SEDA-RPVI-2019/024/ Certificate of Registration as Photovoltaic Investor Under NEM Programme	(i) Changes to the corporate information of the company has to be updated via the online portal of SEDA and in writing	To update SEDA on any changes to the corporate information of the licensee

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing Authority/ Registration No.		Date of issue	Date of expiry	Licence number /Nature of approval	Equity and/or major conditions imposed	Compliance status
							(ii) Minimum paid-up capital of RM1.0 million for local company or RM10.0 million for foreign company	Complied

Note:



(1) We have updated the changes in shareholdings of Atlantic Blue from AB Holdings and Chin Hin to Solarvest on 10 September 2019

Our Group will renew the above approvals and licenses 1 month prior their expiry, which is sufficient based on our past practices. As at LPD, we have not experienced any non-compliance issues and/or failure to renew any of our licenses and permits which has materially affected our business or financial performance.

We have submitted our application for the renewal of Atlantic Blue's pioneer status and expect to obtain the approval by October 2019.

6.8 TRADEMARKS

Our Group currently holds the following trademarks, all of which are registered under Atlantic Blue:

Trademark	Description	Issuing authority / Trademark No	Class	Validity period	Place of registration
 SOLARVEST [®]	"Solarvest" logo	Intellectual Property Corporation of Malaysia/ 2015003014	35, Advertising; business management; business administration; office functions	18 March 2015 to 18 March 2025	Malaysia
 PowerLease [®]	"Powerlease" logo	Intellectual Property Corporation of Malaysia/ 2015008784	35, Advertising; business management; business administration; office functions	25 August 2015 to 25 August 2025	Malaysia

6. INFORMATION ON OUR GROUP (Cont'd)**6.9 PROPERTIES OF OUR GROUP****6.9.1 Properties owned by our Group**

The summary of the information on the material land and buildings owned by our Group as at LPD are set out below:

No.	Postal address	Description/ Existing use/ Category of land use	Tenure	Land area/ Build-up area sq ft	Date of issuance of certificate of completion and compliance	Encumbrances	Audited NBV as at 31 March 2019 RM'000
(i)	Lot 4166-4170, Jalan Ganding 2, Taman Ganding, Jalan Langgar 05460 Alor Setar Kedah	5 units of 3-storey shop office/ Branch office and warehouse/ Building	Freehold	1,302/ 3,906 (for each unit)	2 November 2014	Charged to Alliance Bank Malaysia Berhad	2,795
(ii)	26, Jalan Kikik, Taman Inderawasih, 13600 Prai Penang	Intermediate 1½-storey light- industrial terrace factory/ Branch office and warehouse/ Industrial	Freehold	3,186/ 4,056	14 June 1994	Charged to Alliance Bank Malaysia Berhad	1,533
(iii)	A-30-05, 3 Two Square Jalan 19/1 46300 Petaling Jaya Selangor	5th floor office unit located in a 6-storey office building/ Office/ Building	Leasehold of 99 years expiring on 6 September 2106 (87 remaining years as at LPD)	Not applicable/ 1,948	8 August 2007	Charged to Alliance Bank Malaysia Berhad	887

None of the properties owned by our Group are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land laws or building regulations/by-laws as at LPD.

6. INFORMATION ON OUR GROUP (Cont'd)**6.9.2 Properties rented by our Group**

The details of material properties rented by us as at LPD are set out below:

No.	Postal address/ Type of properties rented	Landlord/ Tenant	Description/ Existing use	Land area/ Built-up area sq ft	Date of issuance of certificate of completion and compliance	Period of tenancy/ Rental per annum
(i)	Lot 999, Bandar Pokok Sena, Daerah Pokok Sena, Kedah/ Vacant land	Lau Eng Huat/ Atlantic Blue	Agriculture land/ Mushroom farming on the ground with solar PV plant as rooftops ⁽¹⁾	212,447/ 191,242	Not applicable	31 March 2014 to 30 March 2039/ RM175,000
(ii)	D-36-06, 3 Two Square No. 2, Jalan 19/1 46300 Petaling Jaya Selangor / Office unit	Lee Geok Siong/ Atlantic Blue	6th floor office unit located in a 6-storey office building/ Office	Not applicable/ 2,943	8 August 2007	16 July 2018 to 15 July 2020/ RM84,000
(iii)	D-37-06, 3 Two Square No. 2, Jalan 19/1 46300 Petaling Jaya Selangor / Office unit	Teh Chooi Lay/ Atlantic Blue	6th floor office unit located in a 6-storey office building/ Office	Not applicable/ 2,943	8 August 2007	16 July 2018 to 15 July 2020/ RM84,000
(iv)	No. 88-01, Jalan Molek 1/28, Taman Molek 81100 Johor Bahru, Johor / Office unit	Leng Choi Lin and Chew Kok Suen/ Solarvest Energy (SR)	2 nd floor office unit located in a 3-storey office building/ Office	Not applicable/ 1,920	26 March 2007	5 April 2019 to 4 April 2021/ RM16,800

6. INFORMATION ON OUR GROUP (Cont'd)**Note:**

⁽¹⁾ We constructed the open shed utilising BIPV system for the solar PV plant on the rooftop. The mushroom farm is undertaken by the landlord while we generate revenue through the solar PV plant. The landlord shall have ownership of the building upon the expiration of the 25-year lease

In addition to the above, our Group has also rented some properties to accommodate our workers near our project sites. Such properties are rented on a monthly or weekly basis and there is no formal rental agreement entered into.

The properties rented by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

6.9.3 Acquisition of properties

Save for item (ii) in Section 6.9.1, we have not entered into any sale and purchase agreement to acquire any properties during FYE 31 March 2016 to 2019 and up to LPD.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.9.4 Material machinery and equipment**

Our Group utilised various machinery and equipment to carry out our EPCC and operations and maintenance services, especially for the construction of LSSPV plants which are listed as below:

No	Type of equipment/ machinery	Description/ Use of equipment/ machinery	No. of unit(s)	Year purchased	Total purchase value RM'000	Audited NBV as at 31 March 2019 RM'000
(i)	Solar pile machine	To erect screw piles for LSSPV plants	3	Between 2017 to 2018	392	276
(ii)	Drilling machine and ramming motor	To erect screw piles for LSSPV plants	7	Between 2017 to 2018	1,189	904
(iii)	Vibratory hammer	To erect spun piles for LSSPV plants	3	2018	396	328
(iv)	Skid steer loader	To unload and transport PV modules	1	2018	169	135
(v)	Hydraulic auger	For spun and screw pile which attached to excavator	14	Between 2017 to 2018	168	152
(vi)	Backup inverter	For our operations and maintenance services	62	Between 2017 to 2018	436	349
Total					2,750	2,144

The average economic useful life for our machinery and equipment ranges from 5 to 10 years. Please refer to Notes 4.4 and 4.8 of Section 13 for further details on the impairment policy of our machinery and equipment. We conduct periodic inspections and maintenance of our machinery and equipment and undertake certain repair works when necessary. Our maintenance procedures include oiling, corrosion prevention and cleaning. We transport our machinery and equipment to and from project sites by third party logistic companies.

The machine and equipment that we own are commonly used by EPCC contractors which are undertaking the construction of LSSPV plants and are generally imported from overseas. During FYE 31 March 2016 to 2019, we did not encounter any workplace hazards, and loss and damage to the machinery and equipment which has materially affected our business or financial performance.

6. INFORMATION ON OUR GROUP (Cont'd)**6.9.5 Regulatory requirements and environmental issues**

Our operations are subject to the validity of the major approvals, licences and permits, which are detailed in Section 6.7. Save as disclosed in Section 6.7, there are no regulatory requirements and/or environmental issues which may materially affect our Group's operations arising from the utilisation of our assets.

6.9.6 Material investments and divestitures**(i) Material investments**

Save for the expenditures disclosed below, there were no other material investments (including interests in other corporations) made by us during FYE 31 March 2016 to 2019 and up to LPD:

	At cost				
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD
Material capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
Backup inverter	-	-	436	-	-
Computers	41	67	111	132	29
Containers	-	115	187	288	-
Electrical and installation	29	82	-	18	-
Freehold buildings	1,134	-	-	-	-
Freehold land	486	-	-	-	-
Furniture and fittings	22	228	11	38	7
Machinery	-	-	1,450	704	-
Motor vehicles	376	568	828	947	-
Office equipment	17	196	22	25	8
Renovation	287	622	-	90	9
Signboard	3	26	6	8	8
Solar farm	-	2	-	-	-
Tools and equipment	99	43	96	282	24
Total	2,494	1,949	3,147	2,532	85

The capital expenditures of the above property, plant and equipment were mainly driven by our business expansion during the relevant financial years/period as well as for replacement purposes. They were primarily financed by a combination of bank borrowings and internally generated funds.

(ii) Material divestitures

During FYE 31 March 2016 to 2019 and up to LPD, we disposed of the following:

- (a) Our entire investment in our subsidiary, Atlantic Ecocity Sdn Bhd to Tan Chyi Boon (a related party) for RM60 in FYE 31 March 2018 where we recorded a gain on disposal of RM5,558. This was recorded as discontinuing operations for FYE 31 March 2016 and 2017; and

6. INFORMATION ON OUR GROUP (Cont'd)

- (b) Our entire investment in our associated company, Sena Sports Sdn Bhd to APY Energy Sdn Bhd (a third party) for RM1.00 in FYE 31 March 2018 where we recorded a gain on disposal of RM1. This was not recorded as discontinuing operations as Sena Sports Sdn Bhd is only an associated company of Solarvest.

The disposals were undertaken to streamline our business activities as the above companies were not involved in the solar PV industry and were loss making. Atlantic Ecocity Sdn Bhd is a property investment holding while Sena Sports Sdn Bhd is a futsal court operator. Save for the above disposals, there were no other material capital divestitures (including interests in other corporations) made by us during FYE 31 March 2016 to 2019 and up to LPD.

Save for the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.7 Material plans to construct, expand or improve our facilities

Save for proceeds of our Public Issue to be used to acquire machinery and equipment as disclosed in Section 4.9, our Group has no immediate plans to construct, expand or improve our facilities as at LPD.

6.10 EMPLOYEES

As at LPD, our Group has a total workforce of 151 employees of whom 114 are permanent employees and 37 are contractual employees. All our employees are Malaysian, except for 1 expatriate engineer from Indonesia which are contractual employees. The following table sets out the breakdown of our employees:

Category of employees	FYE 31 March 2019	As at LPD
Director ⁽¹⁾	2	2
Management and professionals	22	22
Sales and marketing	10	10
Administrative	22	22
Design and development	4	10
Technical and project	71	74
Operation and maintenance	9	11
TOTAL	140	151

Note:

- (1) Excludes our 4 Non-Executive Directors

Our Group's number of employees has increased from FYE 31 March 2019 to LPD mainly due to our business growth.

None of our employees belong to any labour union. Since incorporation and up to LPD, there has been no industrial dispute pertaining to our employees.

7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our Group was founded by three friends namely Lim Chin Siu, Tan Chyi Boon and Tan Paw Boon. While working with an electrical contractor, Lim Chin Siu, a trained electrical engineer, participated in a grid-tier solar power installation course organised by Pusat Tenaga Malaysia in 2009. He then obtained his certification from Pusat Tenaga Malaysia as a qualified person to handle system integration work for solar PV systems which enabled him to design and install grid connected solar PV systems. Pusat Tenaga Malaysia was later restructured as Malaysian Green Technology Corporation (GreenTech Malaysia) in 2010.

In 2011, SEDA was formed under Sustainable Energy Development Authority Act 2011 to administer and manage the implementation of FiT mechanism and it imposed a new requirement whereby only competent person with "Grid-Connected Photovoltaic System Design" certificate from SEDA are allowed to design and endorse grid-connected solar PV systems for the FiT mechanism applications. Consequently, existing certificate holders from Pusat Tenaga Malaysia were required to attend a 1-day workshop by 22 April 2014 to obtain this new certification by SEDA. Lim Chin Siu attended the workshop and successfully obtained this new certification from SEDA on 27 February 2014.

In 2010, the Malaysian Cabinet approved the National Renewable Energy Policy and Action Plan which aimed to enhance the utilisation of various renewable energy sources to contribute amongst others; towards the national electricity supply. Lim Chin Siu saw the potential of solar PV systems and approached his friends, Tan Chyi Boon and Tan Paw Boon who are brothers, in late 2011, to venture into the provision of services for solar PV systems. As potential business opportunities arose and they were eager to secure the contract immediately, they decided to invest into an existing dormant company to commence business operations immediately. Together, they invested in Atlantic Blue in 2012, which was a dormant company incorporated in March 2005 as San Hong Metal & Steel Sdn Bhd and subsequently changed its name to Atlantic Blue in March 2008. They invested additional capital and also acquired the existing shares from the existing shareholders of Atlantic Blue to fully take over Atlantic Blue. The initial shareholders of Atlantic Blue were Lee Ching Hong, Lee Kok San and Lee Seng Ho, which sold their shares to Ng Weng Keng and Ng Weng Kim in June 2008,

In 2012, our Group under Atlantic Blue began operations in Alor Setar, Kedah as a subcontractor in the solar PV industry, by providing solar PV installation services for residential projects. We continued to focus on the residential segment; working on higher value activities such as providing engineering design services and project management while appointing other subcontractors to perform labour-intensive activities such as equipment installation.

In 2013, we secured our first EPCC turnkey contract for an industrial building in Alor Setar, Kedah from Dewan Perhimpunan Cina Kedah with contract value of RM230,000 and installed capacity of 23kWp, offering services from quota application for the client to testing and commissioning of solar PV systems. Quota application refers to the process where our client applies for the available quota to generate electricity from SEDA. Under this arrangement, systems integrators such as our Group assists client to apply for the allocated quota under the respective mechanism, e.g., FiT mechanism or NEM mechanism or LSSPV mechanism.

In 2014, we ventured into investment in solar PV plant when we secured a 1MWp quota to build and operate our own solar PV plant in Pokok Sena, Kedah. This was part of our Group's strategy to increase our income stream as well as to showcase our capabilities.

7. BUSINESS OVERVIEW (Cont'd)

In 2016, we incorporated Powertrack, with the intention to focus on operations and maintenance of solar PV systems. In the same year, the Malaysian Government introduced two new mechanisms, namely NEM and LSSPV.

The NEM mechanism was introduced as means to allow for self-consumption of electricity generated from solar PV systems, while selling off the excess electricity to Distribution Licensees. It was introduced to replace the FIT mechanism which ceased to accept new applications in 2016. Under the FIT mechanism, electricity produced from renewable resources by an individual or a company are sold to Distribution Licensees at a specific FIT rate for a specific duration. NEM on the other hand, prioritises own electricity consumption, before exporting and selling the excess power to Distribution Licensees at Displaced Cost. The NEM mechanism was further revised in 2018 whereby beginning January 2019, excess electricity generated is offset against electricity consumed on a unit to unit basis.

LSSPV on the other hand, was introduced to encourage participation from the private sector to construct grid-connected LSSPV plants with capacities of between 1MW to 50MW (which maximum capacity was subsequently increased to 100MW for LSSPV plants in Peninsular Malaysia as announced by the Malaysian Government in 2019). Foreseeing the potential market for LSSPV, we incorporated Solarvest Energy in 2016 to focus on EPCC services for the residential, commercial and industrial segments while Atlantic Blue concentrates on EPCC services for LSSPV plant.

In 2017, Chin Hin emerged as a new substantial shareholder of our Group when it acquired 450,000 ordinary shares in Atlantic Blue, representing 45.0% equity interest from our existing shareholders, namely Tan Chyi Boon, Lim Chin Siu, Chong Chun Shiong and Tan Paw Boon for a total purchase consideration of RM24.8 million. The purchase consideration was at a premium to the NA of Atlantic Blue Group and was arrived at after taking into consideration, amongst others, the unaudited consolidated NA of Atlantic Blue Group as at 31 March 2017 of approximately RM13.4 million and its unaudited PAT for FYE 31 March 2017 of approximately RM5.2 million. Subsequently, the balance shareholdings of Tan Chyi Boon, Lim Chin Siu, Chong Chun Shiong and Tan Paw Boon in Atlantic Blue of 55.0% were transferred and consolidated under AB Holdings. The acquisition allowed Chin Hin to diversify into solar PV business and at the same time, enabled our existing shareholders to gain strategic input in general corporate management and business networks from Chin Hin, who is listed on the Main Market of Bursa Securities. Some of our clients were introduced by Chin Hin such as Nibong Tebal Paper Mill Sdn Bhd (contract value of RM10.6 million) and Choo Bee Metal Industries Berhad (contract value of RM5.0 million).

In 2017, we secured our first LSSPV project with contract value of RM12.4 million as a subcontractor for Pensolar Sdn Bhd, for the construction of a LSSPV plant in Bukit Kayu Hitam, Kedah. The solar PV plant was designed with a 12MWp capacity and was the first LSSPV plant in Malaysia to be commissioned in 2018.

In 2018, we secured another LSSPV project as a subcontractor for ET Energy (Malaysia) Sdn Bhd. This project is situated in Gambang, Pahang, has an installed capacity of 61MWp and contract value of RM28.5 million and was commissioned in 2019. During 2018, we also relocated our headquarters from Alor Setar to Klang Valley to better service our business partners as a majority of our clients, banking partners and key suppliers are all located in Klang Valley.

7. BUSINESS OVERVIEW (Cont'd)

In 2019, we secured our first floating LSSPV project as a subcontractor for SPIC Energy Malaysia Sdn Bhd with installed capacity of 13MWp and contract value of RM10.6 million to be located in Kuala Langat, Selangor. Floating solar plant is a type of solar PV plant where solar PV panels, equipment and components are installed on a moored floating device. We also secured 3 LSSPV projects in Kampar, Kamunting and Kinta, all in Perak, as turnkey EPCC contractor for Asia Meranti Solar (Kampar) Sdn Bhd, Asia Meranti Solar (Kamunting) Sdn Bhd and Asia Meranti Solar (Kinta) Sdn Bhd (collectively, "**Asia Meranti Group**") with a combined installed capacity of 38.6MWp and aggregate contract value of RM158.1 million. These projects are currently on-going.

In the same year, we also incorporated Solarvest Energy (SR) with Cheong Kah Cheng (a third party) to expand our provision of EPCC services for the residential, commercial and industrial segments in Southern Region of Peninsular Malaysia. Cheong Kah Cheng is one of the shareholder and director of Eastern Group, a property developer in Johor Bahru. Eastern Group invested in several solar PV plants since 2010 and is actively promoting the construction of solar PV plants in Johor. Through his business networks, he has introduced several potential clients and some local subcontractors in Johor to us.

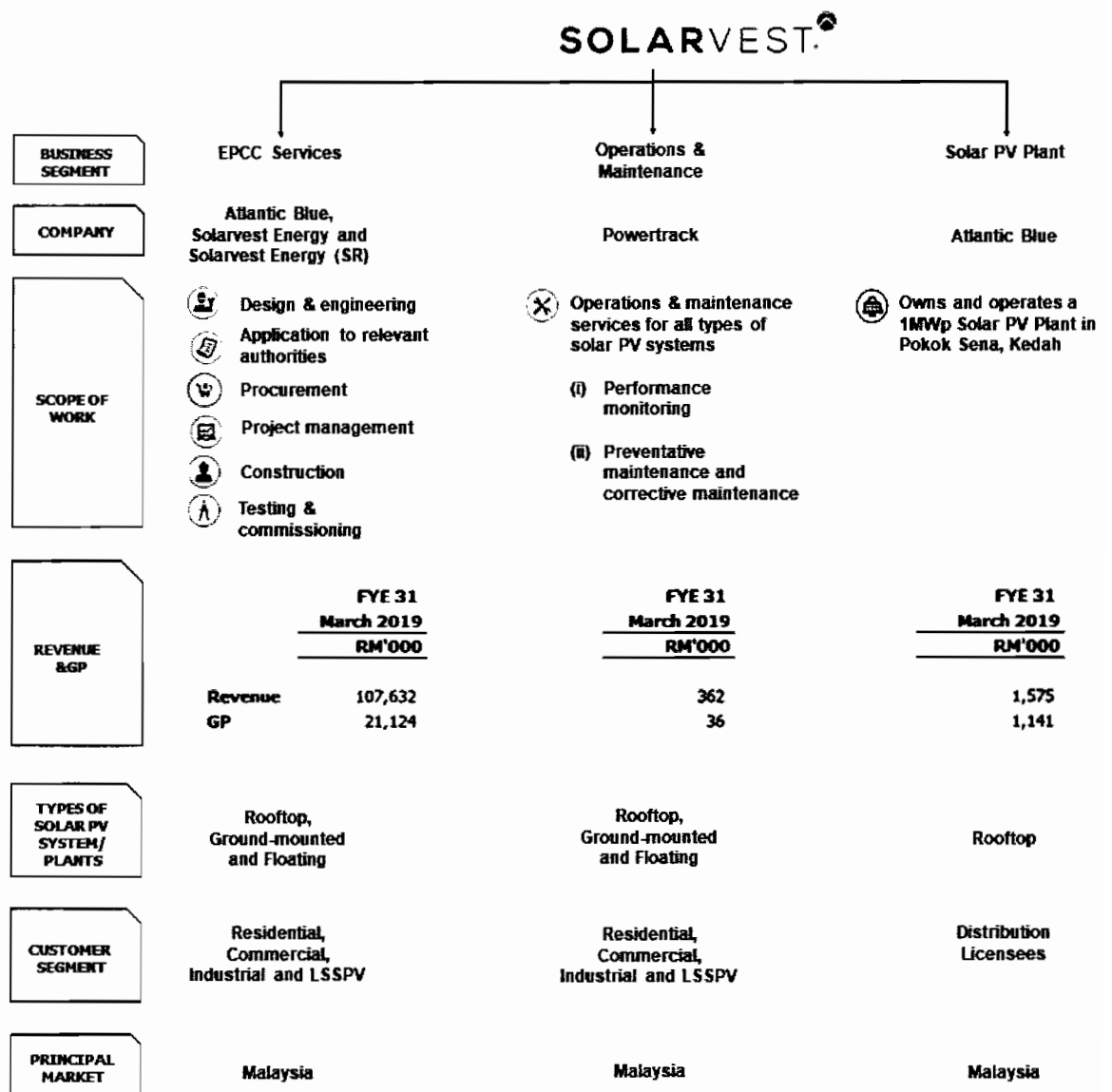
Over the years, we have grown from a subcontractor for residential projects to a turnkey EPCC contractor for LSSPV projects. As at LPD, we have installed a total capacity of 231.97MWp across the residential, commercial, industrial and LSSPV segments.

Our founders, Lim Chin Siu and Tan Chyi Boon who are our Managing Director and Executive Director respectively are based at our headquarters in Klang Valley; whilst Tan Paw Boon has opted to remain in Alor Setar due to his personal commitments and he is currently involved in client relationship management at our Alor Setar office.

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7. BUSINESS OVERVIEW (Cont'd)

7.2 DESCRIPTION OF OUR BUSINESS



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7. BUSINESS OVERVIEW (Cont'd)

Our Group is a downstream player in the solar PV industry. There are generally 3 types of downstream players in Malaysia, described in the table below:

EPCC sub contractor	EPCC subcontractor is generally hired by a main contractor and participates in an EPCC project by providing specific tasks that are part of the overall project, for example, construction and cabling services.
EPCC contractor	EPCC contractor is the turnkey or main contractor hired to provide EPCC and is usually responsible for the overall project. It may also engage the expertise of subcontractors to perform specific tasks in a project.
Owner	Owner is a party that starts a new solar project. They usually seek long term investment either via self-consumption or sale to Distribution Licencees for a pre-determined period. They engage EPCC contractors to build solar PV plants.

As at LPD, we are principally a turnkey EPCC contractor for residential, commercial and industrial properties and LSSPV plants.

In addition to the above, we also provide operations and maintenance to the owners of solar PV systems.

We do not concentrate on any systems as we are capable of constructing any types of solar PV systems, namely:

	Solar PV systems	Description
(i)	Rooftop solar PV systems	<p>Solar PV systems that are installed on rooftops and are available in two types; namely, retrofitted solar PV systems and BIPV systems.</p> <p>Retrofitted solar PV systems refer to solar PV systems that are installed on existing rooftops, with roofing materials supporting the system.</p> <p>BIPV systems on the other hand, involve utilising solar PV panels as the roofing material.</p> <p>Generally, this system is suitable for residential, commercial and industrial properties.</p>
(ii)	Ground-mounted solar PV systems	<p>Ground-mounted solar PV systems refer to solar PV systems where ground-mounted racks are used to hold solar PV panels, covering large land areas.</p> <p>Generally, this system is suitable for LSSPV plants.</p>
(iii)	Floating solar PV systems	<p>Floating solar PV systems is a type of installation where solar PV panels and related equipment are mounted on a moored floating structure and are usually installed in ponds and lakes.</p> <p>Generally, this system is suitable for LSSPV plants.</p>

7. BUSINESS OVERVIEW (Cont'd)

Examples of the installations are shown below:

Rooftop - BIPV installation



Ground-mounted installation



Rooftop - Retrofit installation



Floating solar plant⁽¹⁾

**Note:**

- ⁽¹⁾ Picture of floating solar plant sourced from Sungrow Floating Module Sci & Tech Co., Ltd. Consent has been obtained to feature it in this Prospectus

The table below shows the installed capacities that we have completed and handed over to our clients since the beginning of our operations in 2012 (FYE 31 March 2013) up to LPD:

	FYE 31 March 2013	FYE 31 March 2014	FYE 31 March 2015	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD	Total
	MWp	MWp	MWp	MWp	MWp	MWp	MWp	MWp	MWp
Residential	0.02	1.12	0.62	0.93	1.43	1.55	0.07	0.07	5.81
Commercial and industrial	0.02	0.26	0.34	3.77	4.22	2.98	3.69	6.38	21.66
LSSPV	-	-	-	-	-	12.00	192.50	-	204.50
Total	0.04	1.38	0.96	4.70	5.65	16.53	196.26	6.45	231.97
Cumulative	0.04	1.42	2.38	7.08	12.73	29.26	225.52	231.97	

7. BUSINESS OVERVIEW (Cont'd)

The FIT mechanism ceased to accept applications in 2016 and all installation related to the FIT mechanism must be completed by 31 December 2017, unless otherwise extended by SEDA in a case-by-case basis. This led to the increase in installed capacity for our residential segment in FYE 31 March 2017 and 2018. We saw a sharp decline in the residential segment in FYE 31 March 2019 due to the completion of installations for projects under the FIT mechanism.

Similarly, the FIT mechanism successfully attracted clients from commercial and industrial segment which led to higher installed capacity from FYE 31 March 2016 onwards. The drop in installed capacity for commercial and industrial segment in FYE 31 March 2018 was mainly due to the completion of installations for projects under the FIT mechanism.

The FIT mechanism was more attractive than NEM mechanism as the generated energy from FIT mechanism will be fully sold to Distribution Licencees while NEM mechanism requires owners of the solar PV system to consume the generated energy first with excess being exported and sold to Distribution Licencees at the prevailing Displaced Cost, which was lower than the FIT rate. Although the NEM mechanism was later revised whereby excess electricity generated is offset against electricity consumed on a unit to unit basis, such revision had only come into effect in January 2019 resulting pick-up in installed capacity of commercial and industrial segment in FYE 31 March 2019 onwards.

We completed our first LSSPV project in FYE 31 March 2018 as this mechanism was only introduced by Malaysian Government in 2016. As we continued to secure more LSSPV projects, our installed capacity for the LSSPV segment continued to increase in FYE 31 March 2019.

7.2.1 EPCC services

This segment forms the bulk of our revenue, with RM107.6 million or 96.0% of our Group's revenue in FYE 31 March 2019 derived from this segment. Our EPCC services are catered to two main segments, namely solar PV systems for LSSPV plants and residential, commercial and industrial properties. The LSSPV plants are part of the Energy Commission's initiative to encourage participation from the private sector to construct grid-connected solar PV plants. The residential, commercial and industries properties are primarily under FIT mechanism and NEM mechanism. Both LSSPV as well as the residential, commercial and industrial installations involve on-grid connections to Distribution Licencees. We also offer our services to clients who prefer off-grid setup where they consume the energy generated without selling it to Distribution Licencees. As at LPD, we have not made any off-grid installation.

Generally, the activities under our EPCC services can be divided into 8 key stages from design and engineering up to handover. Details of each stage are set out in Section 7.3.

LSSPV plants

LSSPV plants are large scale grid-connected solar PV plants with capacities between 1MW to 50MW where generated energy is supplied to Distribution Licencees. The Malaysian Government has in 2019 announced an increase in maximum capacity to 100MW for LSSPV plants in Peninsular Malaysia.

This segment contributed RM70.5 million or 62.9% of our Group's revenue in FYE 31 March 2019. As at LPD, we have installed a total of 204.50MWp under this segment.

7. BUSINESS OVERVIEW (Cont'd)

The table below shows our completed and on-going LSSPV projects as at LPD:

Project details/ Connection type	Scope of work	Capacity (kWp)	Client	Commence- ment date/ Testing & commission- ing date	Original contract value
					RM'000
Completed					
(1) LSSPV plant located at Bukit Kayu Hitam, Kedah/ On-grid	Engineering for civil and electrical works, project site management, earthworks, construction of mounting structures, installation of PV modules, cabling works, interconnection facilities and PV plant commissioning	12,000.0	Pensolar Sdn Bhd	February 2017/ January 2018	12,396
(2) LSSPV plant located at Gurun, Kedah/ On-grid	Construction of mounting structures and installation of PV modules	65,000.0	TH Mestika Sdn Bhd	September 2017 / (1)January 2019	(2)5,500
(3) LSSPV plant located at Merchang, Terengganu/ On-grid	Construction of mounting structures and installation of PV modules	8,000.0	JS Solar Sdn Bhd	June 2018 / (1)August 2018	1,200
(4) LSSPV plant located at Gambang, Pahang/ On-grid	Project site management, civil works, earthworks, construction of mounting structures, installation of PV modules, cabling works and PV plant commissioning	61,000.0	ET Energy (Malaysia) Sdn Bhd	February 2018 / April 2019	28,514
(5) LSSPV plant located at Kuala Ketil, Kedah/ On-grid	Construction of mounting structures, installation of PV modules, cabling works and PV plant commissioning	58,500.0	CEEC Tianjin Electric Power (M) Sdn Bhd	July 2018 / February 2019	13,902

7. BUSINESS OVERVIEW (Cont'd)

Project details/ Connection type				Capacity (kWp)	Client	Commence- ment date/ Testing & commission- ing date	Original contract value RM'000
On-going							
(1)	LSSPV plant located at Kampar, Perak/ On-grid	Design & engineering, procurement of materials, construction, project management and commissioning of solar PV plant	13,000.0	Asia Meranti Solar (Kampar) Sdn Bhd	February 2019/ November 2019	50,624	
(2)	LSSPV plant located at Kamunting, Perak/ On-grid	Design & engineering, procurement of materials, construction, project management and commissioning of solar PV plant	12,700.0	Asia Meranti Solar (Kamunting) Sdn Bhd	February 2019/ October 2019	53,828	
(3)	LSSPV plant located at Kinta, Perak/ On-grid	Design & engineering, procurement of materials, construction, project management and commissioning of solar PV plant	12,900.0	Asia Meranti Solar (Kinta) Sdn Bhd	February 2019/ December 2019	53,620	
(4)	LSSPV plant located at Kuala Langat, Selangor/ On-grid	Project site management, civil works, earthworks, construction of mounting structures, installation of PV modules, cabling works and PV plant commissioning	13,000.0	SPIC Energy Malaysia Sdn Bhd	August 2019/ November 2019	10,618	

Notes:

- (1) Being handover date as our scope does not include testing and commissioning
- (2) The original contract value has been reduced by approximately RM0.9 million due to reduction of our scope of work

7. BUSINESS OVERVIEW (Cont'd)

We started as subcontractor for LSSPV projects when LSSPV was first introduced in 2016 due to lack of financial and human resources. Subsequently, in 2019, we secured 3 turnkey EPCC contracts for LSSPV projects in Kampar, Kamunting and Kinta. None of our LSSPV clients are related parties.

Solar PV systems for residential, commercial and industrial properties

Our second segment involves the provision of turnkey solar EPCC services for residential, commercial and industrial properties. This segment utilises the solar PV system to generate electricity for clients' own consumption and/or for selling to Distribution Licencees through the FiT mechanism or NEM mechanism. For residential properties, the solar PV systems installed generally have capacities between 4kWp to 12kWp whilst the capacities for commercial and industrial properties is usually up to 1MWp.

This segment contributed RM37.1 million or 33.1% of our Group's revenue in FYE 31 March 2019. As at LPD, we have installed a total of 27.47MWp under this segment comprising both retrofit rooftop and BIPV systems.

The table below shows some of our completed and on-going projects in this segment as at LPD, where the contract value is above RM3 million:

	Project details/ Connection type	Capacity (kWp)	Client	Commencement date/ Testing & commissioning date	Original contract value RM'000
	Completed				
(1)	Rooftop solar PV system located at Pokok Sena, Kedah/ On-grid	1,000.0	EH Solar Farm Sdn Bhd	April 2015 / December 2015	5,026
(2)	Rooftop solar PV system located at Nilai, Negeri Sembilan/ On-grid	1,000.0	Metex Steel Sdn Bhd ⁽¹⁾	August 2015 / December 2015	6,800
(3)	Rooftop solar PV system located at Seberang Perai Utara, Penang/ On-grid	1,000.0	EVN Vision Sdn Bhd	May 2016 / December 2016	6,600
(4)	Rooftop solar PV system located at Bukit Sentosa, Selangor/ On-grid	1,000.0	Starken AAC Sdn Bhd ⁽¹⁾	July 2016 / November 2016	5,800
(5)	Rooftop solar PV system located at Seberang Perai Tengah, Penang/ On-grid	860.0	Nefin Technologies (M) Sdn Bhd	February 2018 / August 2018	3,016
(6)	Rooftop solar PV system located at Nibong Tebal, Penang/ On-grid	4,000.0	Nibong Tebal Paper Mill Sdn Bhd	September 2018 / June 2019	10,600
(7)	Rooftop solar PV system located at Seberang Perai, Penang/ On-grid	998.3	Tong Heer Fasteners Co. Sdn Bhd	October 2018 / February 2019	3,671

7. BUSINESS OVERVIEW (Cont'd)

	Project details/ Connection type	Capacity (kWp)	Client	Commencement date/ Testing & commissioning date	Original contract value RM'000
(8)	Ground-mounted PV system located at Rawang, Selangor/ On-grid	1,007.4	Perodua Manufacturing Sdn Bhd	October 2018 / July 2019	4,886
	On-going				
(1)	Rooftop solar PV system located at Ipoh, Perak/ On-grid	1,800.0	Choo Bee Metal Industries Bhd	May 2019 / September 2019	5,040
(2)	Rooftop solar PV system located at Gurun, Kedah/ On-grid	1,129.5	TGSH Plastic Industries Sdn Bhd	June 2019 / October 2019	3,219
(3)	Rooftop solar PV system located at Kulim, Kedah/ On-grid	3,220.0	Nefin Technologies (M) Sdn Bhd	August 2019 / January 2020	15,000
(4)	Rooftop solar PV system located at Seberang Perai, Penang/ On-grid	999.0	Tong Heer Fasteners Co. Sdn Bhd	August 2019 / December 2019	3,031
(5)	Rooftop solar PV system located at Seberang Perai, Penang/ On-grid	1,171.4	Tong Heer Aluminium Industries Sdn Bhd	September 2019 / June 2020	3,800
(6)	Rooftop solar PV system located at Cheras, Selangor/ On-grid	930.2	Guppy Plastic Industries Sdn Bhd	October 2019 / June 2020	3,060
(7)	Rooftop solar PV system located at Melaka/ On-grid	1,201.2	Olympic Cable Company Sdn Bhd	October 2019 / June 2020	3,200
(8)	Rooftop solar PV system located at Besut, Terengganu/ On-grid	1,343.8	Kilang Padi Berkat Jaya Sdn Bhd	November 2019 / June 2020	4,273
(9)	Rooftop solar PV system located at Kota Kuala Muda, Kedah/ On-grid	1,198.8	Kilang Beras Kuala Muda Sdn Bhd	January 2020 / June 2020	3,932
(10)	Rooftop solar PV system located at Palekbang, Kelantan/ On-grid	1,343.8	Maknuzul Litamuin Sdn Bhd	November 2019 / June 2020	4,408
(11)	Rooftop solar PV system located at Kota Sarang Semut, Kedah/ On-grid	958.3	Kilang Beras Ban Seng Sdn Bhd	January 2020 / June 2020	3,277

7. BUSINESS OVERVIEW (Cont'd)

Note:

- (1) Metex Steel Sdn Bhd and Starken AAC Sdn Bhd are subsidiaries of Chin Hin, our substantial shareholder. We entered into these contracts with them prior to Chin Hin's acquisition of 45% equity interest in Atlantic Blue

We are turnkey contractor for all residential, commercial and industrial projects mentioned above. Save for Metex Steel Sdn Bhd and Starken AAC Sdn Bhd, none of the above projects are from related parties.

7.2.2 Operations and maintenance services

Under this segment, we provide clients with services to maintain systems performance in terms of energy generation. Our operations and maintenance services for our residential, commercial and industrial client is comprehensive in the sense that it includes repairing all defects covered under our defect liability period as well as repairs arising from wear and tear of the solar PV system installed by us. This is conducted via a two-pronged approach combining performance monitoring and systems maintenance.

- (i) Under performance monitoring, clients are assigned to their dedicated personnel that monitors the performance of their system daily. Clients are also provided with real-time notification of any system failure and annual energy performance report from us. If we discover any unusual shortfall in performance, we will arrange for corrective maintenance on the solar PV systems to address any issues immediately.
- (ii) Systems maintenance on the other hand, covers preventative maintenance and corrective maintenance.
 - (a) Preventative maintenance covers the servicing, cleaning, inspection and other related activities carried out to ensure the solar PV systems work and perform accordingly. We carry out preventative maintenance for our clients at least once a year. Some of the activities performed by us are (i) inspection of inverters, combiner boxes, electrical wiring and damages and dirt to the PV modules; (ii) cleaning of inverter fan and air filters, combiner boxes and PV modules; and (iii) testing of insulation and voltage.
 - (b) Corrective maintenance provides timely repair services and parts replacement to the solar PV panels and equipment to optimise its performance and reduce downtime. We will repair all system problems or defects on the solar PV system such as (i) repair and replace the electrical components, mounting structures, cables and cable management system; (ii) administer the defective components and if applicable, file the warranty claims to the equipment vendor and provide temporary PV modules/inverters to our clients while waiting for the replacement unit by equipment vendors. For replacement of PV modules and inverters, warranties are given by equipment manufacturers for a period of between 5 to 25 years, depending on the type of equipment and manufacturer.

7. BUSINESS OVERVIEW (Cont'd)

For FYE 31 March 2019, we have included 2 to 5 years operations and maintenance services in all our EPCC contracts for residential, commercial and industrial clients, which may be further renewed by our clients at their discretion. We do not make provisions for the cost of operations and maintenance as such costs have been considered and determined based on the manpower, accessories costs, possibility of major defects to be claimed by clients during the period according to a customised annual maintenance plan of our clients. Such costs have been considered and included in the contract value of our EPCC contracts. The revenue from operations and maintenance will be recognised throughout the operations and maintenance period. The actual operations and maintenance cost will be expensed off in the financial year in which the cost is incurred. Since our operations and maintenance services have been appropriately priced, we have never incurred any loss for FYE 31 March 2016 to 2019.

However, clients may decide not to procure our operations and maintenance services as part of the EPCC contract. In such case, they can only make the defects liability claims which are in relation to our EPCC scope of services. Services such as performance monitoring, annual cleaning and annual inspection are not provided.

Given our comprehensive scope of work under our operations and maintenance services, during FYE 31 March 2016 to FYE 31 March 2019, we were able to troubleshoot and resolve various defects and performance shortfall as part of our operations and maintenance activities before any potential defects liability claims and performance ratio guarantee claims were made against us. Please refer to Section 7.3.1 for further details of our defects liability period and performance ratio guarantee.

Clients are not contractually bound to procure such services from us upon expiry of the service period. As at LPD, we have renewed 15 contracts for those operations and maintenance services which have expired. As at LPD, we have not contracted any operations and maintenance services for LSSPV plants where we are subcontractors. However, as part of our turnkey EPCC contracts for the LSSPV projects in Kampar, Kamunting and Kinta, we will provide operations and maintenance services to the respective LSSPV plants upon completion of the projects.

Generally our operations and maintenance services are provided on contractual basis; however there are clients who request for repair and maintenance on ad hoc basis where sales orders will be issued to them. For FYE 31 March 2019, 30.4% of the revenue from our operations and maintenance services were from sales order, 16.9% from renewal of operations and maintenance contracts while the remaining 52.7% were from EPCC contracts.

For FYE 31 March 2019, this segment contributed RM0.3 million or 0.3% of our Group's revenue.

7.2.3 Solar PV plant

We also own, operate and maintain a 1MWp solar PV plant located in Pokok Sena, Kedah based on the FIT mechanism. It was built by our Group and was completed in 2014. We have signed a REPPA with TNB under the FIT mechanism on 16 October 2014. Pursuant to the REPPA, TNB will purchase power generated from our solar PV plant for 21 years, commencing from 8 December 2014, after the construction, testing and commissioning of the plant.

7. BUSINESS OVERVIEW (Cont'd)

Under the REPPA, TNB will purchase power generated from our solar PV plant at an agreed base rate. However, we are able to enjoy bonus FIT rates from the same power generated if we achieve any of the criteria prescribed by SEDA. For each criteria achieved, bonus FIT rate will be given:

- (i) the solar PV systems has additional use as installation in buildings or building structures ("**Criteria 1**");
- (ii) the solar PV systems has additional use as building materials. To meet this criteria, SEDA has prescribed amongst others, that the solar PV modules also serves as the principal roofing material on a building with no secondary roofing material beneath the solar PV modules and no roofing gaps between the solar PV modules ("**Criteria 2**");
- (iii) the solar PV systems uses locally manufactured or assembled solar PV modules. The solar PV modules must be purchased from local manufacturers/ assembler recognised by SEDA ("**Criteria 3**"); and
- (iv) the solar PV systems uses locally manufactured or assembled solar inverters. The solar inverters must be purchased from local manufacturers/ assembler recognised by SEDA ("**Criteria 4**").

The agreed base rate and the bonus FIT rates for our solar PV plant under the REPPA with TNB for the next 21 years is as follows:

Description	FIT Rates per kWh (RM)
Base FIT rate	0.8208
Bonus FIT rates	
Criteria 1	0.2153
Criteria 2	0.2070
Criteria 3	0.0500
Criteria 4	0.0500
	1.3431

We were not aware our rooftop installation did not meet the "building" definition prescribed by SEDA until SEDA conducted a site visit on our solar PV plant on 14 December 2016 and we were informed that we did not meet Criteria 2 as there was no activity carried out under our rooftop installation during this period. Building is defined by SEDA as, amongst others, a roofed building structure which can be independently used and entered into by human beings which are primarily designed for farming or agricultural activities.

Hence, no bonus was paid on Criteria 2 during the period between 1 March to 31 August 2017. Save for the above period, we have fulfilled all 3 criteria from the date of commencement of REPPA up to LPD. Other than the temporary cessation of bonus, there was no penalty imposed on us by SEDA.

For FYE 31 March 2019, this segment contributed RM1.6 million or 1.4% of our Group's revenue from the sale of generated electricity to TNB.

7. BUSINESS OVERVIEW (Cont'd)

7.3 BUSINESS PROCESSES

7.3.1 EPCC services

The table below describes the key activities performed by our Group under the EPCC services segment:

Stage	Description
Design & engineering	<p>Engineering assessment</p> <p>Solar EPCC projects generally begin with a feasibility study which includes assessment to determine the sitting and orientation of the solar PV panels so as to receive the maximum amount of solar irradiation. Areas identified to site the solar PV panels should be free from shades and are determined as part of a site survey. Other assessments such as topography and soil tests are also carried out.</p> <p>Engineering designs</p> <p>Once the assessment is satisfactory, our engineers will propose the suitable design for our clients. This will include engineering designs which cover areas such as civil (earthworks and infrastructure works), mechanical, solar PV structural and electrical and interconnection design, which are required to be endorsed by professional engineers.</p> <p>During this stage, our engineers will design the suitable solar PV panel mounting system and kit according to the results from site survey as part of the system design and mounting options. We offer our custom-made supporting structure and/or mounting kit that supports our internally designed structures. These proposed structures require validation to determine if they are able to support the intended loading. The solar system's electrical diagrams, solar panel arrangement drawings as well as structural drawings are also completed while the materials and equipment to be used in the project are also identified and submitted to client at this stage.</p> <p>Depending on the type of installations, we are able to develop customised solutions that cater to our clients' needs. Our subcontractors are also subject to our internal review process before they are selected to perform specific tasks such as construction and installation works.</p>
Financial feasibility and financing options	<p>We assist our clients to perform preliminary financial feasibility studies on their project.</p> <p>If required, we are also able to connect our clients with local financial institutions to explore financing options for their solar investments.</p> <p>These are value-added services that we provide to our clients.</p>
Applications to authorities	<p>We work closely with our clients to assist them with the necessary applications to the authorities.</p> <p>Owners of residential, commercial and industrial solar PV systems are required to send a NEM assessment study for submission to SEDA to obtain the quota approval, followed by an application to the Energy Commission in order to obtain a public generation license.</p>

7. BUSINESS OVERVIEW (Cont'd)

Stage	Description
Procurement	<p>Interested owners of LSSPV plants would have to submit a "request for proposal" application through a bidding process to the Energy Commission. Upon approval from Energy Commission, the interested owners will be granted a letter of award. A power purchase agreement will also be signed by the owner of LSSPV plants with Distribution Licencees.</p> <p>We will also assist eligible clients to apply for investment tax allowance status from Malaysian Investment Development Authority for their projects.</p> <p>Procurement stage involves the acquisition of necessary equipment and components, materials and services. During this stage, we work closely with our vendors to schedule for material mobilisation. Deliveries and logistics of equipment and components, materials and services from vendors and subcontractors are scheduled to ensure smooth work flow to reduce idle time.</p> <p>In addition, we conduct sample tests such as build-quality checks and functions tests for major equipment and components used in our projects such as solar PV panels, inverters, structures, switch gears and transformers to ensure that they meet the project specifications and requirements.</p>
Construction	<p>The bulk of our construction work is subcontracted to others. Our subcontractors will undertake the following activities:</p> <ul style="list-style-type: none"> • Building preparation such as roof inspection, roof repair and replacement; • Ground preparation such as land and vegetation clearance; • Construction work and construction management; and • Solar PV panel installations. <p>During the construction stage, we monitor our subcontractors closely to ensure the quality of their construction work and timely completion.</p> <p>The client or its turnkey contractor may, in the course of construction, instruct variation orders which are variation to part of the works that is necessary for the completion of the project. Variation orders may include additions, omissions, substitutions, alterations and changes of work scope.</p> <p>A variation order will usually be notified to us in writing from the client or its turnkey contractor describing the detailed variation works and/or enclosing the revised drawings. We will submit the cost and time of the variation work to the client or its turnkey contractor for their approval.</p>
Project management	<p>Over the course of the EPCC activities, we manage and supervise all activities on site including those carried out by our subcontractors. Our experienced team which consist of project managers, construction managers, site supervisors, logistic managers, quality assurance and quality control managers, civil and structural engineers, electrical engineers and design engineers will ensure smooth and timely implementation of our projects.</p>

7. BUSINESS OVERVIEW (Cont'd)

Stage	Description
Testing and commissioning	<p>The testing and commissioning process seeks to verify that the installed solar PV systems meet our client's and authorities' requirements. Some of the procedures conducted include:</p> <ul style="list-style-type: none"> • System performance ratio test to ensure that the system meets our performance ratio guarantee; and • Verification of tasks performed by subcontractors. Our engineers will perform such verification at specific intervals during the construction and commissioning processes. <p>Our EPCC services are deemed completed at the point of testing and commissioning.</p>
Handover	<p>The handover process involves handing over the solar PV plant to our client. Our engineers will check the major parts of the solar PV systems to ensure that it is working according to the specifications. Handover documents are also provided to the client for their acknowledgement. Our client's acknowledgement officiates the handover.</p> <p>For LSSPV plants or larger rooftop solar PV systems, clients are also provided with training to train their staff and are provided with an operations and training manual.</p>

Although we are able to carry out all the above activities, however, depending on the scope of works stipulated in our EPCC contracts with our clients, we may not be required to perform all the above activities. For our role as subcontractor for LSSPV projects, we may not be required to undertake design and procurement activities.

Throughout the duration of the EPCC contract, we will receive progress payment from the clients or turnkey contractors. We will submit our progress claim to the clients or turnkey contractors and thereafter, arrange a project site visit together with the clients or turnkey contractors to verify the progress of the construction work done.

For residential projects, we provide our residential clients with the option of an instalment scheme to pay their contract value for EPCC services over monthly instalments ranging between 10 and 60 months, for which we charge interest of up to 5% per annum.

Each of our subcontractors is also required to submit their progress claim to us for our evaluation. Once we have verified the subcontractor's progress claim against the actual work done, we will release the payment to them.

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7. BUSINESS OVERVIEW (Cont'd)

Our obligations post-handover are as follows:

Obligations	Description
Retention sum	<p>Retention sum is only applicable for our EPCC services for commercial and industrial and LSSPV projects.</p> <p>Retention sum is a percentage of the contract value that is retained by our clients to secure our performance under the EPCC contract, such as abandonment or poor or defective works or quality. Such sum will be retained by our clients for a period ranging from 6 to 24 months after the testing and commissioning of our projects.</p> <p>Generally, 5.0% of the contract value is held by our clients as retention sum.</p> <p>We also hold retention sum 5.0% in our subcontract agreements with our subcontractors. Similarly, we will only release the retention sum to our subcontractors upon our client's release of the retention sum to us.</p>
Defects liability period	<p>Defects liability is given to all of our EPCC services for residential, commercial and industrial and LSSPV projects.</p> <p>We generally provide our clients with defects liability period of 2 years from the date of testing and commissioning or date of certificate of practical completion, depending on the contract terms, which is in line with the industry average. The actual length of the defects liability period will depend on the nature and scale of the project.</p> <p>We are bound to rectify defects that appear prior to the expiry of the defects liability period. Any defects arising during this period due to defective works under our EPCC scope must be made good by us.</p> <p>Upon the expiry of the defects liability period, we will be released from our obligations under the contract and will be able to claim for our balance retention sum.</p> <p>Although we take cognisance that our operations and maintenance services sufficiently mitigate potential defects during the defects liability period, our Company still provides defects liability period to our clients to maintain our competitiveness with other potential bidders as defects liability period is a standard feature for solar EPCC contracts.</p> <p>During FYE 31 March 2016 to 2018, there were no defects liability claims against the services rendered by us as we were able to resolve all repairs and parts replacement under our operations and maintenance services. For FYE 31 March 2019, we incurred defects liability claim of approximately RM4,000 in respect of a LSSPV project for which we have not provided any operations and maintenance services. Please refer to Section 7.2.2(ii) for our scope of work under systems maintenance.</p> <p>In addition to the defects liability on our services, warranty on our products such as solar panels and inverters are also given by the relevant manufacturers for a period of between 5 to 25 years to our clients. As such, we are not required to make any provision for product warranty. During FYE 31 March 2016 to 2019, we have successfully recovered all product warranty claims by our clients from the respective manufacturers.</p>

7. BUSINESS OVERVIEW (*Cont'd*)

Performance ratio guarantee We provide our clients with performance ratio guarantee which ranges from 1 to 3 years from the date of testing and commissioning, depending on the contract terms, which is in line with the industry average. Performance ratio guarantee is only given upon request by our clients, mainly in commercial and industrial segment. In order for us to provide such guarantee, they must first procure our operations and maintenance services.

The performance ratio is an important variable to evaluate the efficiency of a solar PV plant, and measures the actual reading of power output generated by the solar PV plant versus its installed capacity. If the performance of our solar PV system does not achieve the guaranteed amount in the calendar year, we are required to compensate our client the financial loss from the performance shortfall.

During FYE 31 March 2016 to 2019, there were no performance ratio guarantee claims against us. We are also monitoring the performance on a real time basis and will perform immediate rectification whenever we discover any performance shortfall under our operations and maintenance services. Please refer to Section 7.2.2(i) for our scope of work under performance monitoring.

7.3.2 Operations and maintenance services

The following describes our operations and maintenance process:

Stage	Description
Operations	<p>The operations of solar PV plants involve monitoring the performance of the solar PV systems. This is performed remotely as each solar PV systems are equipped with an energy and solar monitoring system. The system allows users to track energy generation from their solar PV systems on real-time over the internet.</p> <p>The system's automated notification function will notify our support team of any system error or failure. For common errors, we will assess the past system data and perform corrective measures remotely. For more serious cases, we will deploy our field team to assess and rectify the issue.</p>
Maintenance	<p>Our maintenance services can be divided into preventative maintenance and corrective maintenance. Our preventative maintenance involves performing on site checks on main areas and equipment such as:</p> <p>(a) PV modules: cleaning of PV modules, visual inspection of PV modules where they are inspected for possible cracks, oxidations in circuits, cell alignment and overall condition of the PV modules. The PV modules are also checked to ensure its electrical connection are in order;</p> <p>(b) Inverter: inspections and checks on amongst others, wiring and components, testing of protective equipment, alarms and temperature in the inverter room. The inverter is also tested annually to measure its ability to convert generated electricity from DC to AC. In addition, inverters are also cleaned to ensure the equipment is free from dusts to operate properly;</p>

7. BUSINESS OVERVIEW (Cont'd)

Stage	Description
	<p>(c) Structure: visual inspections are conducted to check for possible deterioration, such as oxidation. All pins and locks are also inspected to ensure structural integrity;</p> <p>(d) Medium-voltage switchboards: inspections are carried out to assess the condition of the equipment, fixtures and fasteners and grounding of the equipment;</p> <p>(e) Transformers: visual inspections are performed to ensure there is no leakage of oil as well as assessing the current condition of the transformer. Transformers are also tested in order to measure if there are losses during step-up process; and</p> <p>(f) Low-voltage switchboards: switchboard are cleaned and checked for any deformation or loose connections.</p> <p>Corrective maintenance on the other hand deals mainly with repairs and parts replacements.</p>

7.4 KEY ACHIEVEMENTS AND MILESTONES

Year	Achievement or Milestones
2012	We ventured into the provision of services for solar PV systems
2014	Built and operate our own solar PV plant with capacity of 1MWp in Pokok Sena, Kedah
2015	<p>Atlantic Blue was awarded the SME100 award by SME Magazine under the "Fast Moving Companies" category</p> <p>Atlantic Blue was recognised as ASEAN's "Most Recognised Brand of Solar Photovoltaic Service Provider" during the ASEAN Business Awards organised by ASEAN Business Advisory Council</p>
2016	<p>Established Powertrack to focus on operations and maintenance of solar PV systems and Solarvest Energy to focus on EPCC services for residential, commercial and industrial segment whilst Atlantic Blue focuses on EPCC services for LSSPV plant</p> <p>Atlantic Blue was awarded "Asia Renewable Energy Award" for Best Turnkey Supplier and Award for Excellence by CMO Asia</p>
2018	<p>Commissioned Malaysia's first LSSPV plant</p> <p>Received the "Top 100 Most Influential Sustainable Entrepreneur Award" under the Renewable Energy Excellence category by Asia Pacific Business Council for Sustainability</p>
2019	<p>Secured our first turnkey EPCC contracts for LSSPV projects in Kampar, Kamunting and Kinta, all in Perak, with aggregate contract value of RM158.1 million</p> <p>Established Solarvest Energy (SR) to focus on EPCC services for residential, commercial and industrial segment in the Southern Region of Peninsular Malaysia</p>

7. BUSINESS OVERVIEW (Cont'd)

7.5 PRINCIPAL MARKETS

Our Group's revenue for FYE 31 March 2016 to 2019 were generated from Malaysia. Our head office is situated in Petaling Jaya, Selangor which serves clients around Central region of Peninsular Malaysia. We have 2 other sales representative office and service centre located in Alor Setar, Kedah and Prai, Penang to serve clients from Northern Region of Peninsular Malaysia.

On 29 March 2019, we have incorporated Solarvest Energy (SR) as our new sales representative office and service centre located in Johor Bahru, Johor to serve clients from Southern Region of Peninsular Malaysia.

7.6 SALES AND MARKETING

Our sales and marketing team comprise 14 personnel as at LPD and they report directly to our Group Chief Executive Officer.

The sales and marketing strategies adopted by our Group are as follows:

(i) Educating potential and target market

One of our main marketing activities involves educating our clients on renewable energy and solar PV plants. Potential clients are often reluctant to invest in solar PV plants due to misinformed perception or hindered by the process and financial uncertainties where they are unable to see positive returns on their investment. We have to continuously educate and guide our clients on the advantages and positive returns of solar investments.

Our Group believes the way to overcome our client's inertia in solar PV is by understanding the unique needs of each client. To address this, our business development personnel works closely with potential clients over the course of the sales process; from answering initial queries to guiding prospective clients on financing options and other aspects of their investment in solar PV systems so that they are assured that their investment in solar PV systems will be well managed and maximised in order to yield the desired financial return.

(ii) Creating strong presence

Our Group believes in having strong brand presence in both the physical and digital space. Our services are advertised in both traditional media (such as newspaper, magazines and radio advertisements) and new media (by leveraging on digital marketing, such as social media platforms as well as Google and Facebook advertisements); detailing the types of services and solar PV systems packages available according to energy generating capabilities.

We also hold industry-related seminars, participate in exhibitions and tradeshow both locally and abroad that focused on clean technology and renewable energy. In the past 3 years, we have participated in the International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM), International Photovoltaic Power Generation and Smart Energy Conference & Exhibition in China, International Sustainable Energy Summit in Malaysia, Vietnam Renewable Energy Summit and ASEAN Sustainable Energy Week.

7. BUSINESS OVERVIEW (Cont'd)

(iii) Client referral and retention

We have implemented a client referral programme for our residential and commercial and industrial segment where commissions ranging from 1% to 3% of contract value will be paid to the introducer upon successful completion of the project. This referral programme has provided us with a number of referrals to other organisations and business clients. The total commissions paid over the financial years / period under review were RM0.6 million for FYE 31 March 2016, RM0.4 million for FYE 31 March 2017, RM0.2 million for FYE 31 March 2018 and RM0.2 million for FYE 31 March 2019. The year-on-year reduction in commissions paid shows that we have reduced our dependency on client referral as we build up our reputation in the solar PV industry. However, we have continued to maintain such client referral programme to reward existing clients for any successful referrals.

In addition, we ensure that our operations and maintenance services are available for subscription by our clients as part of ensuring that their systems perform at the optimum level. This has resulted in returning clients either for new site or expansion of the current solar PV systems.

(iv) Partner collaborations

We work closely with various parties over the course of our operations, from clients to vendors to equipment manufacturers to solar leasing partners. Over the years, we have fostered working relationships with a number of equipment vendors, which include Jinko Solar Technology Sdn Bhd, Hanwha Q Cells Malaysia Sdn Bhd and Sungrow Power Supply Co Ltd. We also work with solar leasing partners such as Nefin Technologies (M) Sdn Bhd and Cleantech Energy Corporation Pte Ltd. Our collaborations with these partners include bilateral referral as well as packaging our services with the vendors' equipment and/or equipment leasing options.

(v) Well-trained business development personnel

We have a team of well-trained business development personnel to attend to the needs of our potential and existing clients. Our business development personnel are provided with regular in-house training to provide them with latest updates and information with regards to related areas such as industry practices, financial consultation, taxation as well as latest government policies in the industry. We utilise Salesforce, a customer relationship management ("**CRM**") software which facilitates the sales process and sharing of data and information between members of our team.

7.7 TECHNOLOGY USED OR TO BE USED

7.7.1 Existing technology

We utilise a number of licensed design software to undertake our engineering and civil design activities.

We utilise PVsyst, a PV simulation software that simulates amongst others, solar irradiation and performance simulation. It is a SEDA recognised software and is often used to study and analyse solar PV systems.

7. BUSINESS OVERVIEW (*Cont'd*)

We also utilise customer relationship management software, Salesforce ("**Salesforce**"), which is integrated with a full-fledged enterprise resource planning system (including accounting system), Epicor ("**Epicor**"), to enable us to manage our internal resources as well as external parties such as our existing clients, partners and sales prospects. It is a cloud-based platform that is accessible from any internet enabled devices. This provides better sales pipeline management and after-sales services within our Group as resources are connected and can be shared among team members.

In addition, our operations utilise a number of remote monitoring database applications such as Solar-Log, Huawei Smart Logger and our proprietary application, Sunnylog. These software applications enable us and our clients to monitor the performance of our clients' solar PV systems and can be used to collect various data ranging from energy output to projected yield and earnings. They are installed on site and connected to the internet.

We have in 2019 secured our first floating LSSPV projects and conducted various studies and engaged with experts in the industry on the construction techniques and engineering design for floating solar PV systems. Floating solar PV systems have been gaining traction in solar plant construction as the next favourable and cost-effective alternative to land-based PV systems. Floating solar power plant is an innovative approach of using PV modules on water infrastructure to conserve land along with increase in efficiency of the module. Floating systems may also perform better than arrays built on land as the system installed on water will be cooler due to evaporating water, which causes them to operate more efficiently. We expect to tender for more floating LSSPV projects following the completion of this project.

7.7.2 Future technology

The following sub-sections detail selected solar PV technologies that will be adopted by us in the near future:

(i) Energy storage system

The current solar PV systems design generally does not include any energy storage system. We intend to incorporate energy storage system in our solar PV systems to store renewable energy by integrating lithium-ion batteries into the solar PV systems. The following details the types of energy storage system that we intend to adopt in the near future:

(a) Hybrid energy storage system

A solar PV system's generation can be affected by varying operation conditions such as low irradiance due to weather conditions and as such, the generation of energy often fluctuates; creating a mismatch in terms of generation and use.

A hybrid dual energy storage system can minimise the power mismatch, where 1 of the batteries is assigned to provide high power functions; such as large load demand and fluctuations in energy use. The other storage energy system will be used as a high energy storage system that provides low power functions. The coupling of these energy systems will enable efficient storage of energy, while increasing the lifetime of the energy storage system due to efficient management of power loads.

7. BUSINESS OVERVIEW (*Cont'd*)

(b) Off-grid energy storage system

Off-grid energy storage system refers to energy generating system or plant that is not connected to the utility grid. It utilises the generated energy, with the excess being stored in an energy storage system for later use.

We expect this technology to be increasingly popular in the future especially if the NEM mechanism changes or ceases as it will help owners to reduce wastage from excess electricity generated. There is minimal additional cost to us to adopt this system as it has been successfully implemented in other countries and such system can be easily incorporated into our designs for the client.

Currently we will continue to focus on on-grid connection without energy storage system as the excess electricity generated can be sold to Distribution Licencees under the NEM mechanism.

(ii) Higher voltage solar PV system

Part of our Group's plans moving forward includes the use of higher voltage solar PV systems in our projects. The use of higher voltage solar PV systems such as 1,500 volt solar PV panels enable the installation of more solar PV panels, therefore requiring less overall components such as inverters, junction boxes, fuses and cables.

This system is currently available but not implemented widely in the market due to the lack of compatible inverters and components. However, we expect that in future there will be more upgraded inverters and components which are compatible with the higher voltage solar PV systems. There is a minimal additional cost to us to adopt this system as it can be easily incorporated it into our designs for the client. In fact, this system may reduce the overall costs as it require less components while generating higher voltage.

(iii) Big lead assembly interconnect system

We intend to incorporate big lead assembly interconnect system as part of our solar PV systems. In normal solar PV systems, multiple solar PV modules are connected in series by cables that are then combined together by combiner box for connection to the inverters. The big lead assembly interconnect system is able to eliminate the need for combiner box due to its design where fuses are incorporated into the cables, combining the power that is then fed to the inverter. This allows for less equipment, cables as well as simpler operations and maintenance activities in the future.

To adopt this system in our design, our engineers will be required to learn and attend trainings by suppliers and such costs will be funded internally. We expect to commence the training sessions in the second half of 2020.

We have to keep up with the latest technology in the solar PV industry so that we can propose the most efficient and effective designs to our clients and to remain competitive in the market.

7. BUSINESS OVERVIEW (Cont'd)**7.8 INTERRUPTIONS IN BUSINESS**

We have not experienced any interruption to our business, which has had significant effects on our operations for the past 12 months preceding LPD.

7.9 SEASONALITY

Generally, we will secure more contracts during and/or after the bidding periods by Energy Commission where successful bidders will appoint an EPCC contractor for the construction of solar PV systems.

7.10 TOP 5 CLIENTS

Our top 5 clients are all derived from our EPCC services and their revenue contribution for FYE 31 March 2016 to 2019 are as follows:

No	Name	Revenue contribution		Length of relationship
		RM'000	%	Years
FYE 31 March 2019				
1.	ET Energy (Malaysia) Sdn Bhd	31,588	28.1	5
2.	Asia Meranti Group	19,182	17.1	1
3.	CEEC Tianjin Electric Power (M) Sdn Bhd	13,903	12.4	1
4.	Nibong Tebal Paper Mill Sdn Bhd	8,664	7.7	1
5.	Tong Heer Fasteners Co. Sdn Bhd	3,671	3.3	1
Total:		77,008	68.6	
FYE 31 March 2018				
1.	Pensolar Sdn Bhd	11,893	26.4	2
2.	ET Energy (Malaysia) Sdn Bhd	3,120	6.9	4
3.	TH Mestika Sdn Bhd	1,938	4.3	1
4.	Dialog Murni Sdn Bhd	2,352	5.2	5
5.	Vitrox Technologies Sdn Bhd	2,218	4.9	1
Total:		21,521	47.7	
FYE 31 March 2017				
1.	Chin Hin group of companies ⁽¹⁾	5,708	14.6	4
2.	EVN Vision Sdn Bhd	4,527	11.6	3
3.	Herbalnet (Malaysia) Sdn Bhd	2,597	6.7	2
4.	Indawan Enterprise Sdn Bhd	2,416	6.2	2
5.	PSJ Transport Sdn Bhd	2,335	6.0	2
Total:		17,583	45.1	
FYE 31 March 2016				
1.	Chin Hin group of companies ⁽¹⁾	10,011	28.4	3
2.	EH Solar Farm Sdn Bhd	4,812	13.6	4
3.	EVN Vision Sdn Bhd	2,845	8.1	2
4.	TWT Hardware Sdn Bhd	2,970	8.4	3
5.	Weng Siang Sdn Bhd	2,530	7.2	2
Total:		23,168	65.7	

Note:

- ⁽¹⁾ These transactions occurred prior to Chin Hin's acquisition of 45% equity interest in Atlantic Blue, which was completed in August 2017

7. BUSINESS OVERVIEW (Cont'd)

Revenue contribution from our clients varies from year to year given the nature of our business. This is mainly due to the difference in the timing and value of contract(s) secured from each client as well as timing difference in the issuance of progressive billings for works completed in any one particular financial year. Our top 5 clients for FYE 31 March 2016, 2017, 2018 and 2019 contributed 65.7%, 45.1%, 47.7% and 68.6% of our revenue, respectively. Despite the high contribution from our top 5 clients, we are not dependent on any single client as our contract with each client is short term in nature and we have been able to secure projects from different clients over FYE 31 March 2016 to 2019. We generally have different top 5 clients every year as our contract duration generally lasts 3 to 12 months.

In FYE 31 March 2019, we have secured 3 LSSPV turnkey EPCC contracts from Asia Meranti Group, with aggregate contract value of RM158.1 million, which commenced in February 2019 and are expected to complete by the last quarter of 2019. As such, while we are not dependent on Asia Meranti for our business continuity, Asia Meranti Group is expected to contribute significantly to our Group's revenue and profit for FYE 31 March 2020 due to the timing and progress of their EPCC contracts.

7.11 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

The table below sets out the major types of materials purchased for our business operations for FYE 31 March 2016 to 2019:

Purchase category	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
PV modules	12,630	67.6	11,401	63.0	6,497	47.6	17,610	56.7
Inverters	2,228	11.9	2,900	16.0	1,777	13.0	3,041	9.8
Electrical components	1,768	9.4	1,276	7.0	2,001	14.6	684	2.2
Mounting structures	895	4.8	1,183	6.5	1,020	7.5	4,963	16.0
Cables	789	4.2	903	5.0	1,026	7.5	2,043	6.6
Cable management system	173	0.9	218	1.2	932	6.8	1,335	4.3
Remote monitoring & management system	146	0.8	149	0.8	321	2.3	289	0.9
Building materials	-	-	-	-	-	-	792	2.6
Others ⁽²⁾	71	0.4	87	0.5	98	0.7	301	0.9
Total	18,700	100.0	18,117	100.0	13,672	100.0	31,058	100.0

Notes:

⁽¹⁾ As a percentage of total material costs

⁽²⁾ Others include consumables items used during the construction period which include tapes, security locks, ratchet rings, etc

7. BUSINESS OVERVIEW (Cont'd)**7.12 TOP 5 SUPPLIERS**

Our top 5 suppliers for the purchases of materials for FYE 31 March 2016 to 2019 are as follows:

No	Name	Country	Purchase contribution		Products sourced	Length of relationship Years
			RM'000	%		
FYE 31 March 2019						
1.	Jinko Solar group of companies ⁽¹⁾	China & Malaysia	8,280	26.7	PV modules	1
2.	Longi Solar Technology Co., Ltd	China	4,504	14.5	PV modules	1
3.	Solar Bina Engineering Sdn Bhd	Malaysia	4,060	13.1	Mounting structures	3
4.	Hanwha Q Cells group of companies ⁽²⁾	Malaysia, China	2,221	7.2	PV modules	4
5.	Sunpower Systems SARL	Switzerland	1,243	4.0	PV modules	1
Total			20,308	65.5		
FYE 31 March 2018						
1.	Hanwha Q Cells group of companies ⁽¹⁾	Malaysia, China	5,309	38.9	PV modules	3
2.	Panasonic Malaysia Sdn Bhd	Malaysia	1,691	12.3	PV modules and inverter	1
3.	Palma Kukuh Sdn Bhd	Malaysia	1,130	8.3	High-voltage equipment	5
4.	CT Lektrik Sdn Bhd	Malaysia	677	5.0	Mounting structures	6
5.	Schneider Electric Industries (M) Sdn Bhd	Malaysia	616	4.5	Inverter	6
Total			9,423	69.0		
FYE 31 March 2017						
1.	Hanwha Q Cells Sdn Bhd	Malaysia	10,852	59.9	PV modules	2
2.	Schneider Electric Industries (M) Sdn Bhd	Malaysia	2,124	11.7	Inverter	5
3.	Perniagaan Elektrik Jaya Utara Sdn Bhd	Malaysia	650	3.6	Electrical components	5
4.	Promelight Technology (Malaysia) Sdn Bhd	Malaysia	504	2.8	PV modules	3
5.	U-Teknik Trading Sdn Bhd	Malaysia	401	2.2	Electrical components	4
Total			14,531	80.2		
FYE 31 March 2016						
1.	Promelight Technology (Malaysia) Sdn Bhd	Malaysia	12,324	65.9	PV modules	2
2.	Schneider Electric Industries (M) Sdn Bhd	Malaysia	2,169	11.6	Inverter	4

7. BUSINESS OVERVIEW (Cont'd)

No	Name	Country	Purchase contribution		Products sourced	Length of relationship Years
			RM'000	%		
3.	Lotus Power Corporation (M) Sdn Bhd	Malaysia	756	4.0	Electrical components	1
4.	YSE Solutions Sdn Bhd	Malaysia	560	3.0	Electrical components	2
5.	Perniagaan Elektrik Jaya Utara Sdn Bhd	Malaysia	346	1.9	Solar cable	4
Total			16,155	86.4		

Notes:

- (1) Includes purchases from Jinko Solar Co. Ltd and Jinko Solar Technology Sdn Bhd
- (1) Includes purchases from Hanwha Q Cells Malaysia Sdn Bhd and Hanwha Q Cells (Qidong) Co., Ltd

We are not dependent on any single supplier as there are other suppliers that are able to provide similar products and services. Our purchases from the top 5 suppliers consist mainly of parts and modules of the solar PV systems. Hanwha Q Cells group of companies has been our one of our top 5 suppliers for PV modules for FYE 31 March 2017, 2018 and 2019. However we are not dependent on them as we are able to purchase similar PV modules from other suppliers with no switching costs to our business operations as we are able to design any solar PV system with products from any suppliers. We have not experienced any disruptions in supplies during FYE 31 March 2016 to 2019.

7.13 QUALITY CONTROL PROCEDURES/MANAGEMENT

Our Group places emphasis on quality control to meet the expectations of our clients. Proper implementation and stringent execution of quality standards and procedures are undertaken to ensure quality services.

The following are some of the quality control measures adopted by us:

(i) Stringent subcontractors and vendors selection

To ensure the quality of our Group's services, our Group has put in place a set of standard procedures in selecting subcontractors and vendors. Subcontractors and vendors are evaluated prior to being invited for job tenders through pre-qualification submission such as company profile and track record.

(ii) Compliance with ISO 9001:2015

Our QMS is accredited with the ISO 9001:2015 certification in 2017, under the scope of "solar energy engineering service provider including design, procurement, construction and maintenance services".

Our Group is committed to:

- (a) Achieve client satisfaction with quality services;
- (b) Foster teamwork and self-development through continuous training; and

7. BUSINESS OVERVIEW (Cont'd)

- (c) Comply with ISO 9001:2015 and continuously improve the effectiveness of our QMS.

We also conduct annual performance appraisal on our subcontractors and vendors where we will assess their overall performances including workmanship/product quality, quality control and financial resources.

(iii) Internal quality control measures

The following summarises the main internal quality control measures that we implement across our projects:

- (a) Inspection of equipment, components and materials

Our project management team will inspect the equipment, components and materials delivered to the project site before unloading to ensure that the delivered items are in accordance to the project specifications and have been delivered in good order.

- (b) Training

We have regular training for our project management team and other office staff to ensure their understanding of and compliance with our quality standards, to ensure their understanding of various solar PV systems and to enhance their project management skills. We also send our new staff for training to ensure their understanding of the ISO 9001:2015 quality assurance systems.

- (c) On-site inspections and rectification

Our site supervisors conduct daily inspections on our projects, and require our subcontractors to implement immediate rectification measures if the standard of work is not satisfactory. Thereafter, our quality assurance and quality control personnel will re-inspect the work to ensure that it is satisfactorily rectified. Our LSSPV clients will also appoint independent engineers to conduct periodical inspections of their projects. Inspection results will be documented and clients' assessment of our quality and site progress will be conveyed to us for rectification and/or improvement, if required.

(iv) Occupational health and safety

We are of the view that health and safety are vital parts of our projects, and if not managed properly, can cause loss of life, monetary damages and disruption of work. We are committed to provide a safe and healthy working environment for the benefit of our employees, subcontractors and the general public.

To ensure the health and safety of all employees involved in the operations including our subcontractors and the general public, we have a health and safety ("HSE") policy which is practised by our project management team.

7. BUSINESS OVERVIEW (Cont'd)

Our HSE policy objectives are:

- (a) To achieve zero accident at every project site;
- (b) To prevent major loss of assets and properties at project site; and
- (c) To ensure working environment is safe and well equipped to avoid accident.

We assign safety supervisors to each of our project. These safety supervisors are responsible for monitoring and enforcing the safety policies on all personnel. Daily inspections are carried out and safety reports are made daily. Toolbox meeting is also conducted each morning with our site workers and subcontractors' workers to brief the workers on various safety issues.

In case of non-conformity, the safety supervisor will report such instances to the project manager and corrective measures will be taken to ensure effective implementation of HSE policies.

7.14 COMPETITIVE STRENGTHS

7.14.1 Provision of end-to-end EPCC services

Our Group provides full-fledged EPCC services in the solar PV industry. Our services range from initial consultancy to site surveys, feasibility studies, applications to authorities, systems design, construction, commissioning, as well as operations and maintenance of our clients' solar PV systems. Our past experience has enabled us to manage and supervise all activities on site to ensure smooth and timely implementation of our projects. As at LPD, we have maintained our record for timely completion of all our projects.

7.14.2 Track record in installing solar PV system for residential, commercial and industrial properties and LSSPV plants

As at LPD, we have installed a total capacity of 231.97MWp across residential, commercial and industrial properties and LSSPV projects. The list of past and ongoing projects as set out in Section 7.2 serves as a testament to the track record of our Group, signifying our EPCC capabilities in the solar PV industry. We have been able to implement and execute our projects successfully and on time while meeting the requirements of our clients.

Our track record has also resulted in us receiving a number of project referrals from parties that we have previously worked with such as clients, consultants and subcontractors. We are also familiar and well versed in matters concerning applications and FIT mechanism, having started our operations with FIT mechanism before the current switch to NEM and LSSPV mechanism. Our familiarity with local regulations in the solar PV industry enables us to provide local knowledge and insights to our foreign partners.

7.14.3 High commitment to quality and project performance

Our Group is committed to deliver quality services to our clients. We manage every aspect of a project to ensure smooth process throughout the project implementation.

7. BUSINESS OVERVIEW (Cont'd)

To this end, we have established a QMS that has been assessed and accredited with ISO 9001:2015 under the scope "solar energy engineering service provider including design, procurement, construction and maintenance services". The application of ISO 9001:2015 aims to enhance client satisfaction through the effective application of the quality system, including processes for continued improvement of the system. Furthermore, we also provide our clients with defects liability period of 2 years and performance ratio guarantee of 1 to 3 years depending on the types of projects which serves as a testament to our Group's work and service quality. Separately, warranty on our products such as the solar panels and inverters are also given by the relevant manufacturers.

7.14.4 Experienced key management and technical team

Our Group is led by an experienced management team which has the necessary management, industry and technical experience to drive the growth and development of our Group. Our growth over the years was collectively spearheaded by our Managing Director, Lim Chin Siu, our Executive Director, Tan Chyi Boon and our Group Chief Executive Officer, Chong Chun Shiong.

Lim Chin Siu has played an important role in handling the technical aspect of our EPCC services and driving our Group's expansion from residential, commercial and industrial solar projects into LSSPV projects. On the other hand, Tan Chyi Boon who has business experience from his IT business has charted the business development activities of our Group. Chong Chun Shiong has extensive marketing and corporate experience from his former employment in multinational companies and has continuously implemented and improved our marketing strategies to grow our business.

Our Group is also supported by a group of key senior management with diverse backgrounds and experiences. We are also equipped with an experienced engineering team comprising 52 engineers as at LPD. Our engineering team is responsible for the design, technical analysis, project management and operations and maintenance activities.

The collective expertise, experiences and abilities of our Managing Director, Executive Director, Group Chief Executive Officer, key senior management and engineering team will continue to support us in our business growth and market expansion.

7.14.5 Broad range of vendors and application of technologies

We are not affiliated to any manufacturer or vendor and as such, we have the flexibility to choose from a broad range of leading manufacturers and vendors and to use different technologies, which enable us to provide customisation to our clients.

We have access to global network of vendors. Our solar PV modules are manufactured by multinational manufacturers in the industry such as Jinko Solar Co. Ltd, Hefei JA Solar Technology Co. Ltd, Hanwha Q Cells Co. Ltd, Sunpower Systems SARL, Longi Solar Technology Co., Ltd. We also source components from multinational manufacturers with global presence such as Schneider Electric Industries (M) Malaysia Sdn Bhd, Sungrow Power Supply Co., Ltd and Shenzhen Teamsun Information Co., Ltd.

As a service provider, we provide solutions to our clients by leveraging on existing EPCC project management tools. Our Group's investment in digital technology, such as Salesforce and Epicor has provided a centralised platform for us to monitor our client's projects and development in various stages. This allows for operational efficiency and improves clients' experience.

7. BUSINESS OVERVIEW (Cont'd)

7.14.6 Diverse experience and capabilities in EPCC services for solar PV industry

We are diversified in our target market segment, serving clients from the residential, commercial and industrial properties to LSSPV segments. Such diversity reduces the risk of overdependence on any single segment.

We also have the capability to undertake various projects concurrently without affecting our efficiency, quality and timely delivery. As set out in Section 7.2, we undertook 4 LSSPV projects simultaneously in 2018.

The above also allows us to achieve economies of scale in terms of solar equipment purchases and/or engagement of subcontractors' services.

The Listing will enhance our profile and reputation in marketing our services and attract more talent in the solar PV industry. With additional funds from our Public Issue allocated for working capital and capital expenditure, this will put us in a stronger position to undertake more projects concurrently.

7.15 BUSINESS STRATEGIES AND PROSPECTS

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over a period of 18 to 24 months from our Listing:

7.15.1 Geographical diversification

Prior to the incorporation of Solarvest Energy (SR), we have never undertaken any projects in Southern Region of Peninsular Malaysia.

Our Group's principal markets in the solar PV industry in Malaysia are located in the Northern and Central Region of Peninsular Malaysia. As part of our growth strategy moving forward, we intend to expand our geographical reach to other regions in and outside Malaysia. One of the immediate strategies involves expanding our services to the Southern Region of Peninsular Malaysia by setting up a sales representative office and service centre in Johor, to cover businesses from Negeri Sembilan, Melaka and Johor.

On 29 March 2019, we incorporated Solarvest Energy (SR) with a business partner for this expansion and the company has commenced operations. We expect this expansion to utilise approximately RM0.7 million which covers our share of the operational expenses of Solarvest Energy (SR) for 24 months. On 26 April 2019, we have entered into a joint-venture agreement with our business partner, Cheong Kah Cheng. As our partner is involved in property development in Johor Bahru, in addition to the capital contribution, through his business networks, he has introduced several potential clients and some local subcontractors in Johor to us.

Projects located in Negeri Sembilan, Melaka and Johor will be undertaken by Solarvest Energy (SR). We will employ and build up a technical team to provide our EPCC, operations and maintenance services. As EPCC, operations and maintenance services are provided by Solarvest Energy (SR), the quality and delivery of services, including provision of defects liability and performance ratio guarantee will also be provided by Solarvest Energy (SR). Nonetheless, if required, support will be provided by other companies within our Group to maximise our resources.

7. BUSINESS OVERVIEW (Cont'd)

We believe our focus on the downstream solar PV market and proven track record in Malaysia has provided us with the experience to establish a position in the overseas market. Moving forward, we intend to offer EPCC services for markets abroad and we have identified Vietnam and Taiwan as prospective markets to enter.

Vietnam currently relies mainly on hydropower to generate energy. Vietnam has also introduced and implemented a number of national plans and policies which promote the generation of renewable energy in the country. Vietnam targets to achieve 8.1GW of renewable energy from solar PV by 2025. Vietnam has also approved and implementing its Vietnam Renewable Energy Development Strategy which outlines the mechanism for renewable energy development in the country up to 2030. Taiwan is also encouraging participation in renewable energy as means of reducing its dependency on nuclear power as well as to reduce emissions, with aims to increase the share of renewable energy from water, wind and solar in the next few years. The Renewable Energy Development Act in Taiwan saw the introduction of the FIT mechanism for solar PV industry in 2009.

Our Group intends to venture into the aforementioned countries through our subsidiary and/or partnering with experienced local companies to jointly tender and undertake future solar PV projects. We expect this expansion to utilise approximately RM2.3 million and will take approximately 24 months to complete. This amount covers the operational expenses for 24 months. The proceeds are mainly for expenses to set up offices in those countries and to kick start our operations there, which include recruitment of marketing, administrative and technical personnel.

As at LPD, we are still identifying suitable partners. We are looking for partners that are familiar with the local industry rules and regulations and can provide manpower support to speed up our learning process when we undertake projects in those countries. However, if we are unable to identify suitable partners, we will build up our own engineering team via recruitment of technical personnel and/or secondment of our Malaysian technical team to those countries. We have allocated expenses to recruit technical personnel in Vietnam and Taiwan and as such, do not expect the set up costs to differ materially from what we have allocated. Future working capital requirements for solar PV projects in those countries will be funded by our internally-generated funds and/or bank borrowings, depending on the projects that we are able to secure.

Our business strategy to expand into Southern region of Peninsular Malaysia, Taiwan and Vietnam will diversify our income base from concentrating in Northern and Central region of Peninsular Malaysia. These are expected to provide business growth and increase in revenue and contribute positively to our earnings.

7.15.2 Investment in solar PV plant

Our current primary business focus is on the EPCC segment. However, our strategy is to pursue an integrated business model focusing on the downstream segment by participating as an owner of solar PV plants to complement our EPCC business. This long-term strategy is expected to further reduce our dependency on our EPCC segment while generating steady recurring income.

We intend to participate as prospective owner of a LSSPV plant in future LSSPV bidding(s). Our prospective investment in the LSSPV may be undertaken either on our own or with other partners.

7. BUSINESS OVERVIEW (Cont'd)

The estimated cost of future investment and capacity of the LSSPV plant cannot be determined at this juncture as it is subject to the opportunities in future LSSPV biddings, outcome of negotiation with potential partners and the approval from authorities. We intend to finance such investment through internally-generated funds and/or bank borrowings.

Our targeted internal rate of return for our LSSPV investment is 8% to 10%. We will not invest in a LSSPV plant if the net present value of the investment is negative. We are unable to ascertain our weighted average cost of capital at this juncture as this will depend on the discussion with our financiers.

This investment strategy will enable us to diversify our revenue stream. However, the provision of EPCC services is still expected to remain as our key business segment.

7.15.3 Establishing ourselves as turnkey EPCC for LSSPV projects

As an established turnkey EPCC for the residential, commercial and industrial segment and as an experienced subcontractor for LSSPV, we intend to step-up into turnkey EPCC for LSSPV projects, in line with the Malaysian Government's initiative to increase local participation in the solar PV industry. In 2019, we secured 3 turnkey EPCC contracts for LSSPV projects in Kampar, Kamunting and Kinta, all in Perak.

Being a turnkey EPCC for LSSPV projects required us to have larger working capital requirements, we have obtained additional banking facilities to part finance for our future projects. In order to reduce our gearing ratio from the utilisation of banking facilities, we have also allocated RM19.2 million from our IPO proceeds for working capital. Part of this allocation will put us in a better position to continue to tender as turnkey contractor for LSSPV projects of higher values.

7.15.4 Prospects of our Group

Our Board is positive over our Group's prospects, after taking into consideration our future plans as elaborated above, our key competitive strengths set out in Section 7.14, the competitive landscape as set out in Section 8 as well as the IMR's positive outlook of the solar PV industry in Malaysia.

Further developments in the industry which was announced by the Minister of Energy, Science, Technology, Environment & Climate Change of Malaysia in 2018 include:

- (i) the revised NEM mechanism where excess electricity generated is offset against electricity consumed on a unit to unit basis, compared to the previous NEM mechanism whereby excess electricity is sold at a Displaced Cost to Distribution Licencees; and
- (ii) the SARE programme, which enables solar leasing, power purchase agreement or a combination of both.

7. BUSINESS OVERVIEW (Cont'd)

In 2019, the Malaysian Government has also made a series of encouraging announcements for the industry, as follows:

- (i) the increase in maximum capacity for LSSPV plants in Peninsular Malaysia to 100MW;
- (ii) the opening of the LSSPV bidding from February 2019 to August 2019 with a capacity allocation of 500MW and total project value of approximately RM2.0 billion; and
- (iii) the Malaysian Government's stipulation that the EPCC components of the LSSPV bidding must be completely carried out by local contractors registered with the Construction Industry Development Board.

These developments are expected to serve as catalysts to further enhance the demand for solar PV systems in the country.

Please refer to Section 8 for further details of the outlook of the solar PV industry.

7.16 RESEARCH AND DEVELOPMENT

We do not engage in any research and development activity. Nevertheless, we regularly participate in trade shows and exhibitions relating to the solar PV industry such as the International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM), International Photovoltaic Power Generation and Smart Energy Conference & Exhibition in China, International Sustainable Energy Summit in Malaysia, Vietnam Renewable Energy Summit and ASEAN Sustainable Energy Week to identify the latest industry products, trend and technologies. From time to time, we collaborate directly with our vendors to provide equipment training or briefing to our staff.

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8. IMR REPORT

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Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by Solarvest for the purpose of the IPO.

The Board of Directors
Solarvest Holdings Berhad
D-36-06, Dataran 3 Dua,
No. 2, Jalan 19/1,
46300 Petaling Jaya,
Selangor.

Date: - 3 SEP 2019

Dear Sirs,

Strategic Analysis of the Solar Photovoltaic Industry in Malaysia and Overview of the Solar Photovoltaic Industry in Vietnam and Taiwan

Protégé Associates Sdn. Bhd. ("Protégé Associates") has prepared this 'Strategic Analysis of the Solar Photovoltaic Industry in Malaysia and Overview of the Solar Photovoltaic Industry in Vietnam and Taiwan' dated August 2019 for inclusion in the prospectus of Solarvest Holdings Berhad ("Solarvest" or "the Company") in relation to the proposed listing of, and quotation for the entire issued capital of Solarvest on the Ace Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

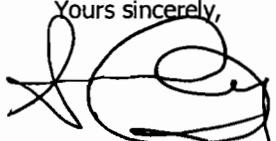
Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 19 years of experience in market research starting his career in Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Electronics, Healthcare, Energy, IT, Oil and Gas, etc. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd ("MDec"), Malaysia Debt Ventures Berhad ("MDV") and Malaysia Technology Development Corporation Sdn Bhd ("MTDC").

We have prepared this report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,



SEOW CHEOW SENG
Managing Director

8. IMR REPORT (Cont'd)**1.0 The Solar PV Industry in Malaysia**

The solar photovoltaic ("PV") systems in Malaysia can be segregated into two main categories, namely the off-grid system and the grid-connected system.

An off-grid solar PV system is installed without connection to the utility grid. The power generated is usually used to power up low power load applications and is one of the cost effective method for power generation to provide electricity to rural population that do not have access to the grid network. In comparison, the grid-connected solar PV system is installed with a connection to the utility distribution network. An owner with a PV system of dual connections may use the electricity from the PV system for domestic consumption before selling the excess generation to the grid.

A basic grid-connected solar PV system typically includes the solar panel, inverter and meter. The solar panel is an assembly of multiple PV modules. Solar panels are used to convert sunlight to clean direct current ("DC") electricity. An inverter is then used to convert the DC power to the alternating current ("AC") electricity. Lastly, the meter is used to measure the amount of power generated from the PV system. Collectively, the solar panel, inverter and meter form a basic solar PV system.

1.1 Historical Market Performance and Growth Forecast

According to the International Renewable Energy Agency ("IRENA"), the market size of the solar PV industry, measured in terms of total installed capacity, stood at 317MWp in 2017, representing 8.6% growth year-on-year from 292MWp in 2016. The growth in that year was supported by the outgoing Feed-in Tariff ("FIT") mechanism as well as the implementation of Net Energy Metering ("NEM") programme which replaced the FIT mechanism, coupled by the roll-out of the construction of various solar plants under the Large Scale Solar PV ("LSSPV") programme.

In 2018, the total installed capacity grew to 438MWp, representing 38.2% increase compared to 2017. The growth was supported mainly by the various initiatives by the Malaysian Government, as more solar plants under the LSSPV programme are completed. Other growth impetus includes the implementation of other tariff selling programme including the NEM programme and the MySuria programme.

Much of the growth prospect within the solar PV industry hinges upon the speed and effective implementation of the various solar PV projects under the respective programmes. From 2019 to 2020, growth within the solar PV industry is projected to continue expanding, supported by the roll-out of solar plant projects for the period of 2019 to 2020 under the LSSPV programme and the NEM programme. The Supply Agreement with Renewable Energy ("SARE") programme is also expected to encourage higher participation rate in the NEM programme.

Growth beyond 2020 is optimistic amid Malaysia's commitment in accelerating the deployment of renewable energy in the Southeast Asian region. The Association of Southeast Asian Nations ("ASEAN") has set a renewable energy target of 23.0% by 2025; increased from around 9.4% in 2014. Accordingly, the ASEAN Centre of Energy, together with the IRENA, has conducted a study on the renewable energy outlook for ASEAN ("ASEAN REmap") which outlines various measures to accelerate renewable energy deployment and the renewable energy target of each member country in order to meet the regional goal.

8. IMR REPORT (Cont'd)

Under the ASEAN REmap, Malaysia targets to achieve a total renewable energy installed capacity of 18,300MW, including 5,800MW of solar PV with the rest contributed from hydropower, wind, biofuels and geothermal sources. As such, it is expected that the Malaysian Government would continue to invest its effort to promote the deployment of solar PV energy in the country. The total solar PV installed capacity in Malaysia is projected to grow from 438MW in 2018 to 3,322MW in 2023, representing a compound annual growth rate ("CAGR") of 50.0% throughout the said period.

1.2 Competitive Analysis

According to Sustainable Energy Development Authority Malaysia ("SEDA"), there were 124 companies registered as PV service provider and recognised local manufacturers as at August 2019. As many as 119 companies are registered as PV service providers offering system integration services and balance of system distribution. Due to the lack of local technical expertise, the manufacturing segment remains underdeveloped, with only five solar PV module manufacturers being recognised by SEDA, based on SEDA's website as recognised local manufacturers. In order to register as a PV service provider with SEDA, a service provider is required to have personnel that have completed the Grid-Connected Solar PV ("GCPV") Systems Design course organised by SEDA during the registration period while complying with all relevant standards and rules and regulations. In terms of local manufacturers, they would have to apply to SEDA, providing relevant company information to SEDA with information on manufacturing licence, product manufacturing licence recognised by international testing bodies, product datasheet and factory inspection report. Applicants are then subjected to a plant site visit by SEDA as part of a due diligence process followed by a presentation to the Feed-in Tariff Operations Committee before being issued with the results. The system integrator segment comprises mainly local companies that are established to cater to the local solar PV demand. There are also companies that are involved in multiple business activities other than the provision of system integration services to the solar PV industry.

1.2.1 Comparable Market Players

Solarvest and its subsidiaries (collectively known as Solarvest Group hereon) is principally involved in the solar PV industry as a system integrator. It offers engineering, procurement, construction and commissioning ("EPCC") services, covering the entire process of solar PV project, from initial site study and assessment to system design, components and modules procurement, to system installation and commissioning. Its services are offered to residential, commercial and industrial end-users. For its financial year ended ("FYE") 31 March 2019, it recorded an annual turnover of RM112.20 million from its operations. Since its commencement of operations in 2012, Solarvest Group has installed a total of 222.52MWp as at FYE 2019, of which 21.02MWp was contributed from its residential, commercial and industrial installations. For the purpose of comparison, Protégé Associates has selected the following market players that are comparable to Solarvest Group, based on the following criteria:

- Registered as a service provider with SEDA and based in Peninsular Malaysia;
- Cater to commercial and industrial end-users;
- Recorded an annual turnover of RM20 million and above based on latest publicly available financial information.

Residential end-users were excluded in the selection criteria for comparable companies as Solarvest Group's revenue was predominantly contributed by commercial and industrial (RM36.41 million or 32.5%) and LSSPV segments (RM70.55 million or 62.9%).

8. IMR REPORT (Cont'd)

The selected market players are Gading Kencana Sdn Bhd ("Gading Kencana"), Helios Photovoltaic Sdn Bhd ("Helios PV"), Mattan Engineering Sdn Bhd ("Mattan Engineering") and Plus Solar Systems Sdn Bhd ("Plus Solar"). The list of market players is not exhaustive, and each market player may have more than one business activity other than solar PV system integration.

Figure 1: Comparison between Solarvest Group and Selected Market Players

Company	Solarvest	Gading Kencana	Helios PV	Mattan Engineering	Plus Solar
Financial Year Ended	31.03.2019	31.12.2018	31.03.2018	31.12.2018	31.03.2018
Revenue (RM million)	112.2	93.9	44.8	282.3	55.8
Profit/ Loss before Tax (RM million)	12.2	-5.2	14.8	5.2	9.1
Profit/Loss before Tax Margin (%)	10.9	-5.5	33.0	1.8	16.3
Profit/ Loss after Tax (RM million)	11.1	-5.7	10.7	3.6	6.9
Profit after Tax margin (%)	9.9	-6.1	23.9	1.3	12.4

Notes:

1. The list of market players is alphabetically arranged and does not constitute as a ranking;
2. The above figure only provides an indication and is not considered directly comparable due to the following reasons:
 - a. Not all companies have the same financial year end; and
 - b. Not all companies carry out activities that are completely the same to each other or in the same geographical area.
3. Financial information of comparable market players and Solarvest such as revenue, profit/ loss before tax and profit/ loss after tax were based on information from Companies Commission of Malaysia and Solarvest Group, respectively while the financial ratios in the table were computed by Protégé Associates.

Source: Companies Commission of Malaysia, Solarvest Group and Protégé Associate

1.2.2 Market Analysis

The market analysis takes into account Solarvest Group's total installed and commissioned solar PV capacity against the total solar PV capacity installed and commissioned solar PV capacity in the residential, commercial and industrial end-user segments in the country.

LSSPV segment

Installed and commissioned capacity in the LSSPV segment was excluded as Solarvest Group currently only completed its projects as a sub-contractor in the segment. It is involved in 5 out of 60 projects awarded under the first and second phase of the LSSPV programme, where a total capacity of 958MW was awarded with 32.5MWp installed and commissioned.

Solarvest Group participated in 2 projects under the first phase of the LSSPV programme, where the solar PV plants are located in Bukit Kayu Hitam in Kedah and Gambang in Pahang. It is currently serving as a turnkey contractor for projects under the second phase of the LSSPV programme, where the solar PV plants are located in Kampar, Kamunting and Kinta in Perak.

In 2017, the Energy Commission also conducted a direct award of three utility-scale solar PV projects with a total capacity of 150MW in 2017, of which Solarvest Group is a sub-contractor

8. IMR REPORT (Cont'd)

in all three projects. These projects are located in Gurun in Kedah, Merchang in Terengganu and Kuala Ketil in Kedah.

Residential, commercial and industrial segment

SEDA records the performance of the Malaysian solar PV industry based on total solar PV capacity that was installed and commissioned in a particular year. This means that capacity of the solar PV system or plant is only recorded by SEDA after it is commercially tested and commissioned by Tenaga Nasional Berhad ("TNB"), whereas systems integrators like Solarvest Group carry out installations of solar PV systems or plants throughout the year and hence, generate revenue for the year based on the progress of work done. For illustration purposes, Solarvest Group undertook a 1MWp solar PV system project with a contract value of RM3.7 million located in Seberang Perai, which achieved 45.9% completion and contributed RM1.7 million to its revenue as at FPE 31 October 2018. The project did not achieve commercial commissioning by TNB in 2018 and was not taken into account by SEDA as part of the year's installed and commissioned capacity. The project was subsequently completed in February 2019.

As such, the market share of a systems integrator if calculated on the basis of the system integrator's installed and commissioned capacity against the total installed and commissioned capacity in the market in a particular year may not fully reflect its market or financial performance in the same period. There is presently no published statistics on the value of the Malaysian solar PV industry to enable the calculation of market share based on a system integrator's revenue against the total value of the Malaysian solar PV industry.

Solarvest Group is a turnkey contractor in the residential, commercial and industrial segment. From 2016 to 2018, Solarvest Group has installed and commissioned a total solar PV capacity of 5.65MWp, 3.19MWp and 2.59MWp, in the residential, commercial and industrial segment. The table below shows Solarvest Group's total installed and commissioned solar PV capacity against the total estimated installed and commissioned in the country during the same period and does not constitute market analysis of Solarvest Group:

Figure 2: Solar PV Capacity Installed and Commissioned by Solarvest Group and in Malaysia, 2016 to 2018

Year	Solar PV Capacity Installed and Commissioned by Solarvest Group (MWp)	Solar PV Capacity Installed and Commissioned in Malaysia (MWp) ^(*)
2016	5.65	77.86
2017	3.19	43.85
2018	2.59	11.61

*Note: *net additions of installed and commissioned solar PV capacity;*

Source: SEDA and Protégé Associates

The solar PV capacity installed and commissioned in the residential, commercial and industrial segment in Malaysia saw a drop from 77.86MWp in 2016 to 11.61MWp in 2018. During the same period, the solar PV capacity installed and commissioned by Solarvest Group in the same segments also reduced from 5.65MWp in 2016 to 2.59MWp in 2018. The decrease in the installed and commissioned solar PV capacity was attributed to the transition from FIT mechanism to NEM mechanism, where the take up rate for the latter was lower due to low return of investment compared to the former as excess energy is sold to Distribution Licencees at Displaced Cost, which is lower than the tariffs charged by Distribution Licencees to users.

8. IMR REPORT (Cont'd)

This has contributed towards a much lower solar PV capacity installed and commissioned in the residential, commercial and industrial segments in 2018.

1.3 Demand and Supply Conditions**1.3.1 Demand Conditions****Rising Environmental Awareness**

Public awareness over environmental issues has grown significantly in Malaysia over the last decade which saw the implementation of environmentally-friendly practices across all levels of Malaysian society, including environment awareness campaigns in schools, utilising mass media to advertise the importance of caring for the environment, and encouraging environmentally friendly trends in the commercial world through various government programmes. Changing weather patterns due to global warming has taken special attention over the last decade; with widespread effects of global warming and the resulting media coverage leading to an increase in environmental awareness among the public. This is in-line with the development of environmentalism in developed nations, and will likely lead to a growth in public demand for cleaner sources of energy.

Government-led Tariff Selling Programmes

The Malaysian Government has launched various tariff selling programmes, offering guaranteed grid access and selling of electricity generated from renewable resources at a predetermined rate. It began in 2011 with the introduction of the FiT mechanism that allows electricity generated from solar PV, biomass, biogas and mini hydro to be exported to the grid, mandating the utility companies to purchase the electricity at a predetermined rate.

The NEM programme was later rolled out in November 2016 to replace the FiT mechanism in order to further tap on the solar PV potential in Malaysia. It prioritises self-consumption of the electricity generated from the solar PV system before selling and exporting the excess energy to the grid. In 2018, the Government had announced a revised NEM programme that was implemented in January 2019 whereby a true net energy metering concept is adopted. The revised NEM programme is also complemented by the SARE programme which provides customers with the option of solar leasing, power purchase agreement ("PPA") or a hybrid of solar leasing and PPA of a solar PV system.

In 2016, the LSSPV programme was introduced by the Energy Commission to encourage the private sector to construct solar PV plant with a minimum capacity of 1MW. Implemented by the Energy Commission throughout the period of 2017 to 2020, the programme has a target capacity of 1,000MW by 2020. In the same year, the MySuria programme, a solar PV programme for the lower income group to earn a secondary income was launched with a special allocation of 6.48MW of FiT capacity and a fund allocation of RM45.0 million. The MySuria programme had expired on 31 December 2018.

Efforts by the Malaysian Government to ensure the investment return on the solar PV systems provide a positive impact in bridging the cost and financial viability aspects of such an installation among the public. These developments bodes well for the development of the solar PV industry in Malaysia, particularly the service integrators segment that design, install and commission new solar PV systems.

Gradual Removal of Special Industrial Tariff

Special Industrial Tariff ("SIT") is a discounted utility tariff offered by TNB to selected industries whereby electricity is a significant cost of their operations. The selected industries include cement industries, industrial gases industries, iron and steel industries, ice industries

8. IMR REPORT (Cont'd)

and glass industries. More recently, TNB has decided to gradually phase out the provision of SIT to encourage energy efficiency and minimise wastage among the industries. The gradual removal of SIT discount creates opportunities for the solar PV industry. As a form of supplemental energy for business owners, it allows them to enjoy cost savings arising from lower electricity use from the grid. They may also participate in the NEM programme to sell and export the electricity generated from the PV system back to the grid, making the investment in PV system more economically viable.

1.3.2 Supply Conditions**Strong Support from the Public Sector**

The Malaysian Government has identified renewable energy as a fifth energy source to supplement gas, oil, coal, and hydropower. Solar energy falls within the renewable energy category, and is particularly emphasised due to the abundance of sunlight in Malaysia. Various policy measures were introduced by the Malaysian Government to expedite the development of the renewable energy sector and to ensure a comprehensive support system for the entire value chain of the solar PV industry.

Figure 3: National Policies on Solar PV Industry in Malaysia

Policy	Key Action Plan	Target/ Allocation
Supporting Framework		
National Green Technology Policy	Setting up the Green Technology Financing Scheme ("GTFS") to fund green businesses and the production of green technology products, including the solar PV industry	Allocation of RM3.5 billion to be disbursed by end of 2017
	Higher allocation for GTFS 2.0 to speed up the green technology industry, including the solar PV industry	Allocation of RM5.0 billion for the period of 2018 to 2022
	A revised GTFS 2.0 is available at participating banks to incentivise investments in green technology	Allocation of RM2.0 billion to subsidise the interest/ profit cost by 2.0% for the first seven years
Industrial Development		
Economic Transformation Programme	Increase the number of silicon producers through foreign investment	Production of 170 kilo tonnes of silicon by 2020
	Increase the number of wafers and solar cells producers through foreign investment	23 GW of production capacity of wafers and cells by 2020
	Increase the number of solar module producer through foreign investment	Promoting Johor as the module manufacturing hub in Asia

Source: Protégé Associates

More details and other additional governmental policies supporting the solar PV industry are set out in Section 1.6 of this report.

Technological Advancement

In terms of the technology used in the solar PV industry, there has been significant effort made to improve solar cells globally. This includes research and development ("R&D") conducted in academic institutions and government-linked research institutions such as the National Renewable Energy Laboratory in the US. These efforts have led to the rapid development of new types of solar cells, the main cost component in most solar energy

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system arrays. The technology types have been categorised into different 'generations' of solar cell technology, and are described in the following figure.

Figure 4: Development of PV Technologies

Technology	Status
First Generation Solar Cells Wafer-based crystalline silicon technology, either single crystalline or multi-crystalline	Fully commercialised
Second Generation Solar Cells Technologies such as thin-film amorphous, micromorph silicon, cadmium-telluride, copper-indium-selenide and copper-indium-gallium-dieselenide	Fully commercialised
Third Generation Solar Cells Technologies such as concentrating PV, organic PV cells and other concepts at R&D stages	All technologies are fully commercialised save for novel solar cell technologies which are at R&D stages
Fourth Generation Solar Cells Technologies such as thin films and use of inorganic nanostructures	R&D stage

Note: Solarvest Group's solar PV systems and plants uses first and second generation cell technologies.

Source: Malaysian Industry-Government Group for High Technology ("MIGHT") and Protégé Associates

Performance improvements in terms of a solar cell's energy efficiency, lifetime and energy pay-back time, are the prime goals for most technological developments in the solar PV industry. As such, the maturation of the various technologies listed above is likely to encourage greater adoption among the end users, resulting in greater development in the solar PV industry moving forward.

1.4 Market Challenges

Downward pressure in project cost and intensified competition

The cost of a solar project has been fluctuating from one installation to another. The figure below shows the average installation cost for grid-connected PV projects in Malaysia from 2014 to 2016.

Figure 5: Average Installation Cost for Grid-Connected PV Projects in Malaysia, 2014-2016

Year	Individual (USD/kW)	Non-Individual (USD/kW)
2014	1,895	1,727
2015	1,736	1,532
2016	1,745	1,565

Source: SEDA

The downward trend in project cost can be attributed to the decreased prices of solar modules in the global market due to an oversupply condition. Another factor that has contributed to the downward project cost is the intensified level of competition, where the number of service providers has increased from 20 companies in 2012 to 119 companies in

8. IMR REPORT (Cont'd)

August 2019. This intensified level of competition within the industry has exerted pressure on the service providers, forcing them to lower their margins in order to stay competitive in the business.

Lack of funding options for large scale projects

Large scale solar energy projects are capital intensive with a lack of prior records or data that can be referenced to assess the risks associated with the projects and to gauge the success or failure of these projects. This has led to the reluctance of financial institutions to fund these projects, or when they are approved, the funding comes with unfavourable rates.

1.5 Substitute Products and Services

As a form of energy, solar PV can be substituted by alternative energy sources, ranging from fossil resources such as gas, coal and diesel, to renewable resources such as hydropower, biogas and biomass. Due to the country's abundance of fossil resources, the energy sector in Malaysia remains dependent on gas, coal and diesel for electricity generation. In 2017, as much as 82.8% of electricity produced was based on fossil resources (gas, coal and diesel), while only 16.6% was generated from hydropower. Other substitutes include wind, geothermal and marine energy, which are being studied in the current 11MP timeframe.

Within the solar PV industry, a system integrator provides the system design, installation and commissioning of solar PV systems and services to its clients. While the system integrators segment cannot be substituted as a whole, there is however a considerable degree of substitutability in terms of the differing business models and strategies that market participants can select such as offering of longer warranty period or after-sales packages or system performance guarantees.

1.6 Government Policies and Regulations**1.6.1 Government Policies**

The main policies guiding the solar PV industry in Malaysia are as follows:

National Renewable Energy Policy and Action Plan ("NREAP")

NREAP was introduced in 2010 and targets specifically the clean energy and power systems segments, with the aim to enhance the utilisation of various renewable energy resources available to contribute towards national electricity supply security and sustainable socioeconomic development. The policy outlined the need for renewable energy law and proposed for the set-up of the FIT mechanism and renewable energy fund.

National Green Technology Policy ("NGTP")

The NGTP was introduced to facilitate a favourable and conducive environment for the development of green technology in the country. It includes the introduction and implementation of innovative economic instruments, and the establishment of effective fiscal and financing mechanisms to support the growth of green industries.

Eleventh Malaysia Plan ("11MP")

The 11MP highlights the need to explore new renewable energy sources to diversify the generation mix. During the 11MP period from 2016 to 2020, new energy sources such as wind, geothermal and marine energy will be studied and explored. The Malaysian Government aims to provide training courses to personnel within the renewable energy sector, particularly those in the field of biomass, biogas, mini hydro and solar PV.

8. IMR REPORT (Cont'd)**Economic Transformation Programme ("ETP")**

The upstream activities of the solar PV industry are highlighted under the electronics and electrical NKEA of the ETP. Under the entry point project ("EPP") 5 and 6, the Malaysian Government aimed to increase the production of silicon and expand production capacity of wafers and cells, respectively. EPP 7 also outlines the Malaysian Government's ambition to position Johor as the solar module manufacturing hub in Asia.

1.6.2 Regional Policy**ASEAN REmap**

The ASEAN REmap is a study jointly conducted by the ASEAN Centre for Energy and IRENA in conjunction with the ASEAN's renewable energy target of achieving 23.0% of the total primary energy supply by 2025, from around 9.4% in 2014. It outlines various measures to accelerate renewable energy deployment and the renewable energy target of each member country. Under the ASEAN REmap, Malaysia is targeted to achieve a total renewable energy installed capacity of 18,300MW, including 5,800MW of solar PV with the rest contributed from hydropower, wind, biofuels and geothermal sources.

1.6.3 National Solar PV Programmes**NEM Programme**

The NEM programme is a solar PV programme to complement the FIT mechanism, aiming to encourage the deployment of solar PV energy. Implemented from 1 November 2016 to 2020, the NEM programme has a capacity allocation of 500MW throughout the period, with a maximum of 100MW of capacity each year and is distributed among domestic and non-domestic category. In 2018, the Government had announced a revised NEM programme that was implemented in 2019. Among the changes include the equal sale and purchase price of electricity whereby excess power is offset against electricity consumed, in comparison to the previous NEM programme in which excess power is sold at a Displaced Cost. It has also added a new category of customers, namely the agriculture sector, and is only applicable to customers of TNB in residential, commercial, industrial and agriculture sectors in Peninsular Malaysia.

LSSPV Programme

The LSSPV programme is a solar PV programme implemented by the Energy Commission announced in 2016 to encourage the construction of large scale grid-connected solar PV plants with capacities of 1MW to 50MW. Implemented throughout the period of 2017 to 2020, the LSSPV programme has a target capacity of 1,000MW by 2020, with capacity allocation capped at 200MW for Peninsular Malaysia and 50MW for Sabah per annum. The power plant shall be built, owned and operated and maintained by each solar power producer ("SPP"). The second phase of LSSPV programme was opened for tender in 2017 with an aggregate capacity allocation of 360MW for Peninsular Malaysia and 100MW for Sabah and Labuan, with a lowered maximum capacity from 50MW to 30MW for each SPP in Peninsular Malaysia to encourage more participation, particularly from local companies. The third phase of LSSPV programme was opened for tender in February 2019 with a capacity allocation of 500MW with total project value of approximately RM2.0 billion. Under the third phase of the LSSPV programme, the engineering, construction and commissioning services has to be conducted by local contractors that are registered with the Construction Industry Development Board.

8. IMR REPORT (Cont'd)**MySuria Programme**

Introduced in 2017 and implemented by SEDA, the MySuria programme is designed for the B40 household to earn a secondary income. According to SEDA, it has a specially allocated FIT capacity of 6.48MW and a fund allocation of RM45 million, where participants of this programme may sell the electricity generated from their solar PV system to TNB under a renewable energy power purchase agreement ("REPPA") for 10 years.

In order to participate in the programme, eligible households are required to be registered with eKasih, a national database system that plans, implements and monitors poverty eradication programs at the national level. The selection of successful applicants is determined by respective state governments. Successful applicants are then required to enter into a REPPA with TNB, where the electricity generated from the solar PV system is sold at a rate of RM1.0379 per kW for the whole period.

The cost of the solar PV system are borne by the Government, where an estimated 3kW solar PV system is installed at applicant's premise, in order to generate an average of RM250 per month and up to RM600 per month in income from the sale of generated electricity to TNB, which benefitted around 1,620 households. The MySuria programme expired in December 2018.

SARE Programme

The SARE programme, introduced by TNB and was launched in 2019, providing customers with the option of solar leasing, PPA or a hybrid of solar leasing and PPA of a solar PV system. The SARE programme is a three-party agreement between consumer, investor/ asset owner (who are registered with SEDA as a registered PV investor) and TNB. Investors/ asset owners would finance, install and undertake the maintenance of the solar PV systems on the consumer's premise. The solar PV system will be leased to the consumer for a period of time where consumer will use the electricity generated from the solar PV system and make monthly payments to the investor/ asset owner, while enjoying benefit from the savings in their electricity bill. Any excess electricity generated from the solar PV system can be sold to TNB. TNB would be in charge of billing, collection and remittance of payments by the consumers to the investors/ asset owners, and charges a service fee of RM0.02 for every kWh.

Figure 6: Comparison between the Types of Solar Solutions

Types of Solar Solutions	Solar Leasing	PPA	Hybrid
Upfront cost	0%	0%	Approximately 20%
Contract term	3 to 10 years	21 to 25 years	21 to 25 years or lower kWh rate
Instalment	Fixed monthly instalment	Monthly instalment based on units generated	Monthly instalment based on units generated (the rate per unit of electricity generated is generally lower than PPA option)
Category of customers	Residential, commercial and industrial	Commercial and industrial	Commercial and industrial

Source: TNBX Sdn Bhd

1.6.4 Regulations

The renewable energy sector in Malaysia, including the solar PV industry, is regulated by the Sustainable Energy Act 2011 and the Renewable Energy Act 2011.

8. IMR REPORT (Cont'd)**Renewable Energy Act 2011**

The Renewable Energy Act 2011 outlines the establishment and implementation of a special tariff system, namely the FIT system, to catalyse the generation of renewable energy in Malaysia. The FIT system obliges utility companies to purchase the electricity produced from renewable resources (biomass, biogas, small hydro and solar PV) by approved Feed-in holders for a period of 16 to 21 years, at a FIT rate.

Sustainable Energy Development Authority Act 2011

The Sustainable Energy Development Authority Act 2011 spells out the establishment of new statutory body called SEDA to promote the deployment of sustainable energy measures as part of the solutions towards achieving energy security and autonomy. SEDA is tasked to administer and manage the implementation of the FIT mechanism as mandated under the Renewable Energy Act 2011 and tasked to manage the NEM programme.

1.6.5 Incentives

The incentives offered by MIDA for companies in the renewable energy and green technology industries are as follows:

Tax Incentive for Green Technology Project

Investment tax allowance ("ITA") of 100% of qualifying capital expenditure incurred on a green technology project from the year of assessment 2013 until year of assessment 2020. The ITA can be offset against 70% of statutory income in the year of assessment. Unutilised allowances can be carried forward until they are fully absorbed.

Green technology project related to renewable energy, energy efficiency, green building, green data centre and waste management can qualify for this tax incentive. Applications should be submitted to MIDA.

Income Tax Exemption

Income tax exemption of 100% of statutory income from the year of assessment 2013 until the year of assessment 2020.

Green technology services related to renewable energy, energy efficiency, electric vehicle ("EV"), green building, green data centre, green certification and verification, and green township can qualify for this tax incentive. Applications should be submitted to MIDA.

Tax Incentive for Purchase of Green Technology Assets

ITA of 100% of qualifying capital expenditure incurred on green technology asset from the year of assessment 2013 until the year of assessment 2020. The ITA can be offset against 70% of statutory income in the year of assessment. Unutilised allowances can be carried forward until they are fully absorbed.

The purchase of green technology assets as listed in MyHijau Directory (<https://www.myhijau.my>) can qualify for this tax incentive and have been certified by the Malaysia Green Technology Corporation ("MGTC") as MyHijau and approved by the Ministry of Finance ("MoF"). Applications should be submitted to MGTC.

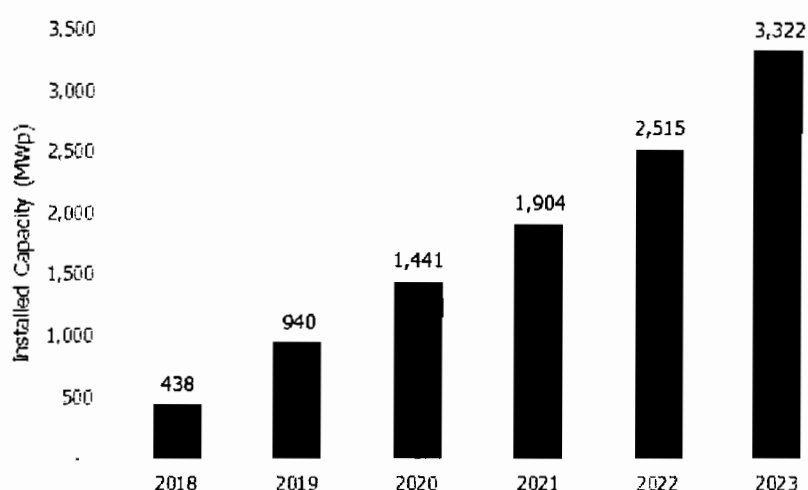
1.6.6 Certification

Solar PV system integrators are required to have qualified persons ("QPs") recognised by SEDA in their companies in order to provide their services. The QPs are required to obtain a GCPV system design competency certificate from SEDA.

8. IMR REPORT (Cont'd)**1.7 Market Outlook and Future Prospect**

Protégé Associates expects the outlook of the solar PV industry in Malaysia to be positive moving forward. The total solar PV installed capacity in Malaysia stood at 438MWp in 2018, and is projected to grow to 3,322MW by 2023, representing a CAGR of 50.0% throughout the said period.

Figure 7: Estimated and Forecast Solar PV Installed Capacity in Malaysia, 2018-2023



Source: IRENA and Protégé Associates

Factors priming growth within the solar PV industry is set to come from the government-led tariff selling programmes. These tariff selling programmes implemented throughout the period of 2017 to 2020, namely, the NEM programme, the LSSPV programme, alongside the SARE programme, are expected to support the growth of the industry. Moreover, the Malaysian Government is committed towards driving the solar PV industry in the long term, with its inclusion in the ASEAN Remap where it is targeted to achieve a total solar PV installed capacity of 5,800MW by 2025. Other factors that are likely to contribute to the future demand for solar PV energy include rising environmental awareness as well as the gradual removal of SIT.

In terms of supply, the Malaysian Government is also providing the support to grow the entire value chain of the solar PV industry where plans have been outlined in the ETP to increase the local production of products, ranging from silicon, wafers and cells to solar modules. A GTFS is also set up to provide financial support to all stakeholders within the green technology industry, including those in the solar PV industry.

2.0 Overview of the Renewable Energy Sector in Vietnam

The renewable energy sector in Southeast Asia has developed over the years, with installed capacity rising from throughout the period of 2011 to 2018; from 37.9GW in 2011 to 64.3GW in 2018, representing a CAGR of 7.8%, according to data released by IRENA. Energy profiles across the region are diverse, mainly due to the disparate economic, political and cultural differences. Moving forward, more efforts to promote the renewable energy sector are expected in order to achieve a region-wide renewable energy capacity of 180GW by 2025, including 55GW of solar PV capacity.

8. IMR REPORT (Cont'd)

In 2018, Vietnam had 18.5GW of renewable energy capacity, of which 97.1% was contributed by hydropower. The country's effort to develop its renewable energy sector began in 2007 with the approval of the Scheme on Development of Biofuels. The said scheme, which was to be implemented up to 2015, was aimed at increasing the production and utilisation of biofuels as an alternative energy source. The National Power Development Plan was later approved in 2011 which prioritises the development of renewable energy for power generation especially for rural electrification.

The sale of electricity to the grid was permitted in 2014 and to date, electricity from small hydro, wind power plants, biomass-based and solid waste-based power plants are accepted. The country's effort has also witnessed the increase in number of system providers in the market, where notable players include Applied Technical Systems Joint Stock Company and Vietnam Solar Power EPC Corporation.

Despite the country's efforts to develop the renewable energy segment, the industry also faces institutional barriers. Domestic banks generally have insufficient knowledge and have the perception that renewable energy projects are risky. Furthermore, these banks have insufficient experience in project financing, and face capacity constraints to process green credit appraisals, such as evaluating of new technologies and assessing the risk, which has led to a lack of capacity to finance solar projects in Vietnam.

Vietnam has recently approved the Vietnam Renewable Energy Development Strategy which outlines the mechanism for renewable energy development in the country up to 2030. Under the ASEAN Remap, Vietnam targets to achieve 38.5GW of renewable energy capacity generated from bioenergy (1.0GW), hydropower (23.7GW), solar PV (8.1GW) and wind energy (5.7GW).

3.0 Overview of the Solar Photovoltaic Industry in Taiwan

Energy in Taiwan is generated from a combination of resources, including fossil fuels (coal, oil and liquefied natural gas), pumped hydropower and nuclear power. According to Taiwan's Bureau of Energy under the Ministry of Economic Affairs, fossil fuels contributed 84.1% of Taiwan's generated power in 2018, followed by nuclear power with 10.0% share. Pump hydropower constituted 1.2% of the total power generation while renewable energy encompassing conventional hydropower, wind power, solar PV, biomass and waste constituted 4.6% of the total power generation in Taiwan in 2018.

The governmental push for the development of the renewable energy sector began in 2009 in tandem with its promulgation of the Renewable Energy Development Act which saw the introduction of the FIT mechanism, which covers a variety of technologies in the renewable energy sector, which include amongst others; solar PV, biomass, wind, hydropower and waste-to-energy. For solar PV under the FIT mechanism, investors may install the solar PV system on self-own or leased lands and rooftop, and sell the energy generated from the solar PV system to the Taiwan Power Company, the state-owned electric power company. On top of the tariff selling programme, Taiwan Power Company has also been supportive towards the development of the renewable energy sector through the installation of its own renewable energy facilities. The industry's growth has resulted in the participation of increased systems providers, with some notable players such as Chunghwa Telecom Co., Ltd and Hengs Technology Co., Ltd.

The country's solar PV industry has witnessed strong growth over the years with total installed capacity of solar PV in Taiwan expanded from 118MW in 2011 to 2,618MW in 2018, representing a CAGR of 55.7%. Despite the government's push for the development of

8. IMR REPORT (Cont'd)



renewable energy, it also faces market challenges which include land scarcity due to steep mountains which hinders developments in these areas. Approval to obtain ground mounted solar projects may be difficult due to red tape and coordination issues between different government agencies. Although the Council of Agriculture ("COA") had also allowed green energy facilities to be installed on agricultural plots, COA has been actively encouraging the usage of agriculture purposes and green energy as value added.

Despite the challenges, the country's solar PV industry is set to continue growing. The Taiwanese Government launched a new energy policy in 2016, which aims to achieve nuclear-free Taiwan by 2025 through contributions from renewable energy. The new energy policy outlines a target of 20.0% share of renewable energy in total power generation by 2025 (from 4.6% in 2018).

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9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR ISSUE SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on the continued services of our key senior management and technical team

We attribute our success to the leadership and continued contribution of our key senior management team, led by our Managing Director, Executive Director and Group Chief Executive Officer. We believe that our continued and future success largely depend on our continued ability to hire, train, motivate and retain our key senior management and technical team comprising engineers and other qualified personnel needed to develop new services, support our existing range of services and provide quality services to the clients.

Having a strong key senior management and technical team are vital to maintain the quality of our Group's services whilst retaining the business confidence of the clients. The loss of these key senior management and technical team simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel, may adversely affect our Group's operations. Separately, the loss of our Managing Director, Executive Director and Group Chief Executive Officer may also adversely affect us.

We are also required to maintain competent persons who hold the SEDA Malaysia Grid-Connected Photovoltaic Systems Design certification to sign off any submission in relation to the solar PV systems installation to the authorities. If we fail to maintain at least one competent person, our business will be affected. As at LPD, we have 8 competent persons who have such certification, one of which is our Managing Director, Lim Chin Siu.

9.1.2 We are dependent on our subcontractors to perform certain works

We engage labour-only subcontractors to perform installation works. We also engage other subcontractors to perform specialist works such as earthworks, roadworks and drainage.

As our subcontractors have no direct contractual relationship with our clients, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. While we may attempt to seek compensation from the relevant subcontractors, we may from time to time, be required to compensate our clients prior to receiving the said compensation. If we are unable to claim from the subcontractors or the amounts of the claim cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims.

Poor quality deliverables of our subcontractors may also affect our reputation in the industry.

Subcontractor costs accounted for approximately 14.1%, 20.2%, 32.0% and 54.5% of our total cost of sales for FYE 31 March 2016, FYE 31 March 2017, FYE 31 March 2018 and FYE 31 March 2019 respectively.

9. RISK FACTORS (Cont'd)

9.1.3 Unanticipated increases in project costs

We estimate our project costs at the time of bidding / negotiating for projects. The contract value is priced based on our cost estimates and project scheduling that are derived from assumptions such as prices of solar PV modules and inverters which are quoted to us in foreign currencies such as USD as well as prices and availability of labour and relevant machinery and equipment. Our cash flows and profit margin from the projects are therefore dependent upon our ability to accurately estimate these costs and timeline. Such costs and timeline may be affected by a variety of factors, such as depreciation of RM, slower than anticipated progress, conditions at project sites differing materially from what was anticipated at the time we bid for the contract, higher costs of equipment, material and labour, delay in material deliveries and project financing closure.

In such events, we may incur cost overruns which will affect our cash flows and financial performance. These variations in costs may cause actual gross profit for a project to differ from those originally estimated. As a result, certain projects could have lower margins than anticipated, or incur losses if actual costs for the projects exceed their estimates.

9.1.4 Our business may be adversely affected if there is an increase in competition

We face competition from local and international competitors which may be capable of offering similar services. They may compete with us in terms of pricing, solutions offered, service quality.

If our competitors are able to offer solar PV systems at a more competitive price than ours, we may be forced to match their pricing to secure the projects, which may affect our profit margins. Additionally, if we cannot match or be better than our competitors in terms of technology or range of comprehensive solutions, our clients may choose our competitors.

Some of our international competitors may also have greater financial and marketing resources and longer track record in the solar PV industry globally. Project owners and financial institutions may be more incline to work with such competitors.

9.1.5 We are subject to potential defects liability claims and performance ratio guarantee

A defects liability period is imposed on us for the contracts that we secured. The defects liability period commences from the date of testing and commissioning and generally covers a period of 2 years, depending on the contract terms, which is in line with the industry average.

While we may attempt to recover any defects liability claim, such as product warranty claims from the equipment manufacturers, we may from time to time, be required to compensate our clients prior to receiving the said claim. If we are unable to claim from the equipment manufacturers due to our negligence or the amounts of the claim cannot be recovered in full or at all from the equipment manufacturers, we may be required to bear some or all the costs of the claims.

We also provide performance ratio guarantee of 1 to 3 years on our solar PV system. While we strive to ensure that our solar PV system performs at its optimum level, there is no assurance that our solar PV system will consistently meet the performance ratio guarantee. If the performance of our solar PV system does not achieve the guaranteed amount, we are required to compensate our client the costs of the performance shortfall.

9. RISK FACTORS (*Cont'd*)

9.1.6 We are subject to workplace hazards, and loss and damage to the machinery and equipment

Our employees and those of our subcontractors are exposed to potential hazards such as bodily injuries and loss of life due to workplace accidents. We are also exposed to risk of loss and damage to our machinery and equipment arising from theft, improper usage and fire.

The occurrence of workplace accidents and damage to our machinery and equipment could result in significant increase in project costs or affect our ability to perform our contractual obligations, which could materially and adversely affect us.

There can be no assurance that our existing insurance coverage on workplace hazards, and loss and damage to the machinery and equipment is sufficient to compensate for the claims, and that such insurance policies will continue to be available on terms acceptable to us.

9.1.7 We may fail to perform our obligations under the contract

We may breach our contractual obligations if we fail to complete the project on time or the performance of the solar PV systems falls short of the project specifications.

In such event, our clients may impose liquidated damages on us. Depending on the type of projects, our clients may also call on our performance bonds. This may have an adverse impact on our Group's reputation and financial performance.

9.1.8 We depend on the retention of certain approvals, permits and licenses

In order to operate our business, we are required to obtain and hold valid approvals, permits and licenses such as Registration of Solar Photovoltaic Service Provider issued by SEDA and others as set out in Section 6.7. We must comply with the restrictions and conditions imposed by the relevant authorities in order to keep such approvals, permits and licenses. Our approvals, permits and licenses may be suspended or cancelled if we fail to comply with the applicable requirements or any required conditions. Delay or refusal may also occur when renewing such approvals, permits and licenses upon their expiry.

Failure to keep or renew the requisite approvals, permits and licenses could result in suspension or restriction of our business operations. We will not be able to participate in tenders for EPCC contracts or carry out our role as the EPCC contractor, which will adversely affect our business and financial performance.

9.1.9 Risk relating to our geographical expansion

Our future geographical expansion plans to Taiwan and Vietnam expose us to the uncertainties of the foreign country and their respective business environment, which depend on the respective country's economic, social, political conditions and policies for renewable energy.

9. RISK FACTORS (*Cont'd*)

9.1.10 We may not be able to maintain our pioneer status

Atlantic Blue was granted pioneer status by MIDA for electricity generation as an owner of solar PV plant effective from 1 January 2015 under Promotion of Investment Act 1986. Under the pioneer status, the profit derived from our own solar PV plant is exempted from tax for 5 years from 1 January 2015 to 31 December 2019. The pioneer status can be renewed for another 5 years provided that Atlantic Blue complies with the conditions imposed.

For illustration purposes, assuming Atlantic Blue is unable to maintain or renew its pioneer status, the additional tax payable by our Group for FYE 31 March 2019, computed based on taxable income and the prevailing tax rate of 24% is approximately RM124,943. As such, the non-renewal of our pioneer status may affect our profitability and financial performance.

9.1.11 Our operations are dependent on our ability to obtain adequate financing

We undertake our business based on contracts awarded to us on a project-by-project basis. As the contract value, timing of collection and payment as well as target completion schedule is different for every contract, we are exposed to fluctuations in our operating cash flows.

We rely on overdraft and trade financing such as invoice financing and local bill purchase to partially finance our working capital. Such credit facilities are callable on demand or have short term repayment tenure.

If we are unable to secure adequate credit facilities or any significant calls on our credit facilities were to taken place, our cash flows, operations, growth and expansion plans will be adversely affected.

9.1.12 Concentration on a major client

We have secured 3 new contracts from Asia Meranti Group with aggregate contract value of RM158.1 million, the unbilled portion represents 36.8% of our order book as at LPD. All the contracts have commenced in February 2019 and are expected to complete by the last quarter of 2019.

While we are not dependent on Asia Meranti for our business continuity as our contract with them is short term in nature and we have been able to secure projects from different clients over FYE 31 March 2016 to 2019, Asia Meranti Group is expected to contribute significantly to our Group's revenue and profit for FYE 31 March 2020 due to the timing and progress of their EPCC contracts. Our financial performance for FYE 31 March 2020 may be materially and adversely affected if we encounter any unexpected delays or disagreements with Asia Meranti Group.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 Competition risk with alternate renewable energy

We face competition from other alternate renewable energy such as biogas, biomass, small hydropower and geothermal resources. They may compete with us in terms of their power generation capacity and the pricing for initial installation and subsequent operations and maintenance. Although currently the Government has placed emphasis on solar energy via LSSPV programmes to encourage private sector to construct solar PV plant, there is no guarantee that moving forward, such initiatives will persist.

9. RISK FACTORS (Cont'd)

If our competitors are able to offer a better power generation alternative at a more competitive price than ours, we may lose the project as we have no technical expertise and knowledge on other alternate renewable energy.

9.2.2 We are dependent on government policies, incentives and supportive regulatory framework

We are involved in the solar PV industry, which is subject to various laws, regulations and policies set by the government authorities relating to renewable energy. While the Malaysian Government has set policies and support mechanisms for the renewable energy, such policies and support may be modified or changed in the future.

We may be affected by any adverse changes in the government policies and support mechanisms relating to the solar PV industry. Introduction of new policies and/or reduction/elimination of support mechanisms may adversely affect the prospects of the solar PV industry.

9.2.3 We are subject to changes in technology in the solar industry

The renewable energy industry is characterised by evolving technology standards that require improved features, such as more efficient power generation and improved aesthetics.

As solar industry player, we must be abreast with the latest trend and technology in the solar industry so that we can propose the most cost effective and efficient solutions to our clients. We may lose our competitiveness if we fail to stay up to date with the latest technology which will then adversely affect our business.

9.2.4 Our business depends on our clients successfully obtaining approval from authorities and financing for their solar PV investments

As an EPCC contractor for solar PV systems, our business is dependent on our client's ability to obtain approval from authorities such as Energy Commission, SEDA and Distribution Licencees for their solar PV projects. Our clients will also need financing for their solar PV projects and their ability to obtain such financing will affect the implementation of the project.

If our clients are unable to obtain approval from authorities and/or financing for their solar PV projects, we will not be able to proceed with the projects.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public trading for our Shares. The listing of and quotation for our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9. RISK FACTORS (*Cont'd*)

9.3.2 Our Listing may be delay or aborted

Our Listing may be delayed or aborted should any of the following occurs:

- (i) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (ii) We are unable to meet the public shareholding spread requirement whereby at least 25% of our enlarged issued share capital must be held by a minimum of 200 public shareholders each holding not less than 100 Shares at the point of our Listing.

If any of these events occurs, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Applications within 14 days, failing which the provision of sub-section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Section 117 of the Act and its related rules.

Such cancellation requires the sanction of shareholders by special resolution in a general meeting, with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and volume of our Shares upon Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as growth potential of various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.4 Dividend payment

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Company is an investment holding company and we conduct substantially all of our operations through our subsidiaries. Our company derives income mainly from dividends received from our subsidiaries. Consequently, our ability to declare and pay dividends are dependent on, amongst others, the financial performance of our subsidiaries. Further, in view that our Group intends to embark on future plans as disclosed in Section 7.15, our ability to pay dividends may be limited.

Further details on our dividend policy are set out in Section 12.15.

9. RISK FACTORS (Cont'd)

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Group

Our Promoters will collectively hold 74.7% of our enlarged share capital upon Listing. They will have significant influence over our business direction and the outcome of certain matters requiring shareholders' vote, unless they are required to abstain from voting by law and/or by the relevant authorities.

9.4.2 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of future results. Forward-looking statements are based on assumptions and subject to uncertainties and contingencies.

There can be no assurance that such forward-looking statements or expectations or forecasts will materialise and actual results may deviate significantly. Such deviation may have a material and adverse effect on us.

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10. RELATED PARTY TRANSACTIONS**10.1 RELATED PARTY TRANSACTIONS AND OTHER TRANSACTIONS****10.1.1 Related party transactions**

Save for the Acquisition, advances granted by our related parties (details as set out in Section 10.1.2) and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 31 March 2016 to 2019 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
CS Organic Farm Sdn Bhd	Atlantic Blue	Tan Eng Heng Low Ing Ing	Tan Eng Heng is a project manager of Solarvest Energy (SR)	Advances for working capital given by Atlantic Blue to the related party	89	N/A	275	N/A	2	N/A	18	N/A
CB Eco Farm Sdn Bhd	Atlantic Blue	Tan Qi Jie Chang Fong Yin	Low Ing Ing is wife to Lim Chin Siu, our Promoter, Managing Director and substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party	-	-	-	-	280	(1)0.6	-	-
CB Eco Farm Sdn Bhd	Atlantic Blue	Tan Qi Jie Chang Fong Yin	Both of them are directors and 50.0% shareholders of CS Organic Farm Sdn Bhd	Advances for working capital given by Atlantic Blue to the related	143	N/A	14	N/A	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD			
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Tan Chyi Boon, our Promoter, Executive Director and substantial shareholder	party								
			Chang Fong Yin is account executive of Atlantic Blue									
			Both of them are directors and 50.0% shareholders of CB Eco Farm Sdn Bhd									
PB Green Farm Sdn Bhd	Atlantic Blue	Lean Siew Ting	Lean Siew Ting is our key senior management	Advances for working capital given by Atlantic Blue to the related party	263	N/A	7	N/A	-	-	-	-
			She is a director and a 50.0% shareholder of PB Green Farm Sdn Bhd									
Distance Solar Energy Sdn Bhd	Atlantic Blue	Lim Ah Kau@ Lim Ah Kaw Wong Le Chin	The interested persons are parents to Lim Chin Siu, our Promoter, Managing Director and	Advances for working capital given by Atlantic Blue to the related party	315	N/A	953	N/A	20	N/A	21	N/A

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD			
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
			substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party	-	-	334 ⁽¹⁾	1.0	368 ⁽¹⁾	0.8	-	-
			Both of them are directors and 50.0% shareholders of Distance Solar Energy Sdn Bhd									
Ocean Solar Energy Sdn Bhd	Atlantic Blue	Tan Yok Hong Sow Geok Choo	The interested persons are parents to Tan Chyi Boon, our Promoter, Executive Director and substantial shareholder and Tan Qi Jie, our key senior management	Advances for working capital given by Atlantic Blue to the related party	71	N/A	130	N/A	4	N/A	3	N/A
			Both of them are directors and 50.0% shareholders of Ocean Solar Energy Sdn Bhd	Revenue from installation of solar PV systems by Atlantic Blue for the related party	-	-	1 ⁽¹⁾	<0.1	140 ⁽¹⁾	0.3	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions									
					FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019		1 April 2019 up to LPD	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Atlantic Ecocity Sdn Bhd	Atlantic Blue	Tan Chyi Boon	Tan Chyi Boon is a Director and 100% shareholder of Atlantic Ecocity Sdn Bhd. He is also our Promoter, Executive Director and substantial shareholder	Advances for working capital given by Atlantic Blue to the related party	908	N/A	5	N/A	16	N/A	4	N/A	-	-
Sena Sports Sdn Bhd	Atlantic Blue	Sena Sports Sdn Bhd	Sena Sports Sdn Bhd is a former associate of Atlantic Blue	Advances for construction of futsal court given by Atlantic Blue to the related party	-	-	-	-	450	N/A	-	-	-	-
			Tan Chyi Boon is a Director of Sena Sports Sdn Bhd. He is also our Promoter, Executive Director and substantial shareholder	Advances for working capital given by Atlantic Blue to the related party	-	-	-	-	28	N/A	15	N/A	6	N/A
Tan Chyi Boon	Atlantic Blue	Tan Chyi Boon	Tan Chyi Boon is a Director of Atlantic Ecocity Sdn Bhd. He is also our Promoter, Executive Director and substantial shareholder	Advances for working capital given by Atlantic Blue to the related party	-	-	-	-	32	N/A	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
Metex Steel Sdn Bhd	Atlantic Blue Solarvest Energy	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	Metex Steel Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party ⁽⁴⁾	7,104	⁽¹⁾ 20.1	-	-	-	-	-	-
			Datuk Seri Chiau Beng Teik and our directors of Metex Steel Sdn Bhd and our substantial shareholders	Operations and maintenance services for solar PV systems	-	-	-	-	-	-	7	<0.1
			Chiau Haw Choon is also our Non-Independent Non-Executive Director									
Starken AAC Sdn Bhd	Atlantic Blue Solarvest Energy	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	Starken AAC Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Revenue from installation of solar PV systems by Atlantic Blue for the related party ⁽⁴⁾	2,907	⁽¹⁾ 8.2	5,709	⁽¹⁾ 14.6	88	⁽¹⁾ 0.2	-	-
				Operations and maintenance services for solar PV	-	-	-	-	-	-	2	<0.1
											4	<0.1

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of Starken AAC Sdn Bhd and our substantial shareholders	systems								
			Chiau Haw Choon is also our Non-Independent Non-Executive Director									
PP Chin Hin Sdn Bhd	Atlantic Blue	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	PP Chin Hin Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Purchase of materials (tapes) by Atlantic Blue from the related party ⁽⁴⁾ ⁽⁵⁾	8	⁽²⁾ <0.1	26	⁽²⁾ 0.1	-	-	-	-
			Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of PP Chin Hin Sdn Bhd and our substantial shareholders									
			Chiau Haw									

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019	1 April 2019 up to LPD			
					RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Choon is also our Non-Independent Non-Executive Director									
Metex Modular Sdn Bhd	Atlantic Blue	Chin Hin Chiau Haw Choon	Metex Modular Sdn Bhd is a subsidiary of Chin Hin, our Promoter and substantial shareholder	Revenue from installation of electrical works by Atlantic Blue to the related party ⁽⁵⁾	-	-	-	2,632	(1)2.3	1,848	(1)2.0	
			Chiau Haw Choon is a director of Metex Modular Sdn Bhd. He is also our substantial shareholder and Non-Independent Non-Executive Director									
Formino Metal Sdn Bhd ⁽³⁾	Atlantic Blue	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	Formino Metal Sdn Bhd is a former subsidiary of Chin Hin, our Promoter and substantial shareholder	Purchase of materials (roofing materials) from the related party ⁽⁵⁾	-	-	99	(2)0.3	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Value of transactions							
					FYE 31 March 2016	%	FYE 31 March 2017	%	FYE 31 March 2018	%	FYE 31 March 2019	%
					RM'000		RM'000		RM'000		RM'000	
			Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of Formino Metal Sdn Bhd ⁽³⁾ and our substantial shareholders									
			Chiau Haw Choon is also our Non-Independent Non-Executive Director									
Globalcycle Sdn Bhd	Atlantic Blue Solarvest Energy	Lim Chin Siu	Lim Chin Siu is a Director and 38.1% shareholder of Globalcycle Sdn Bhd	Storage & charges for hire of forklift and lorry by Globalcycle Sdn Bhd to Atlantic Blue and Solarvest Energy ⁽⁶⁾	27	⁽²⁾ 0.1	20	⁽²⁾ 0.1	19	⁽²⁾ 0.1	7	⁽²⁾ <0.1
			Bhd								9	⁽²⁾ <0.1

Notes:

N/A Not applicable

⁽¹⁾ Calculated based on our Group's revenue for each of the respective financial years⁽²⁾ Calculated based on our Group's cost of sales for each of the respective financial years⁽³⁾ In April 2018, Chin Hin has disposed its entire interest in Formino Metal Sdn Bhd. Consequently, Datuk Seri Chiau Beng Teik and Chiau Haw Choon have also resigned as directors of Formino Metal Sdn Bhd⁽⁴⁾ These transactions occurred prior to Chin Hin's acquisition of 45% equity interest in Atlantic Blue, which was completed in August 2017

10. RELATED PARTY TRANSACTIONS (Cont'd)

(5) These transactions will continue post Listing

(6) Our Group has ceased renting storage space from Globalcycle Sdn Bhd from January 2019. The storage is charged based on monthly utilisation and there is no rental agreement between the Group and Globalcycle Sdn Bhd. However, we still hire forklift and lorry from Globalcycle Sdn Bhd when required

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10. RELATED PARTY TRANSACTIONS (Cont'd)

Our Directors are of the view that the transactions in relation to our revenue from installation of solar PV systems and electrical works for related parties, purchases of materials from related parties as well as payment for storage & hire machinery to a related party were conducted on an arm's length basis and on competitive commercial terms.

The transactions in relation to advances given to our related parties were not conducted on arm's length basis as they were interest free. However, all such advances have been fully settled by the related parties as at the date of this Prospectus, and moving forward, we will no longer provide any advances to our related parties.

In order to ensure future related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (b) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

10. RELATED PARTY TRANSACTIONS (Cont'd)

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

10.1.2 Other transactions**(i) Transactions that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during FYE 31 March 2016 to 2019 and up to LPD.

(ii) Outstanding loans (including guarantees of any kind)**Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

However, during FYE 31 March 2019, there were advances granted by our related parties for the benefit of our Group as set out below. Such advances have been capitalised into RPS under the Capitalisation of Advances. Please refer to Section 6.3.1 for details:

	RM'000
Datuk Seri Chiau Beng Teik	4,125
Lim Chin Siu	1,555
Tan Chyi Boon	1,520
	<u>7,200</u>

These advances were non-trade related, unsecured, interest free and repayable on demand. As the advances were interest free, they were not granted to us on arm's length basis; however, they were granted on terms not more favourable to the related parties and as such, our Directors are of the view that they are not detrimental to our Group.

10. RELATED PARTY TRANSACTIONS (Cont'd)**Guarantees**

The security for our banking facilities are disclosed in Section 12.4, of which the following are guarantees and security given by our related parties:

- (a) Lim Chin Siu, Tan Chyi Boon and Tan Paw Boon, had jointly and severally provided personal guarantee for the banking facilities extended by Alliance Bank Malaysia Berhad to our Group as at LPD;
- (b) AB Holdings had provided corporate guarantee for the banking facilities extended by OCBC Bank (Malaysia) Berhad to our Group as at LPD;
- (c) Lim Chin Siu and Tan Chyi Boon had pledged their life insurance policies for banking facilities extended by OCBC Bank (Malaysia) Berhad and Alliance Bank Malaysia Berhad to our Group as at LPD;
- (d) Lim Chin Siu, Tan Chyi Boon, Chong Chun Shiong, Chiau Haw Choon and Datuk Seri Chiau Beng Teik, had jointly and severally provided personal guarantee for the banking facilities extended by OCBC Bank (Malaysia) Berhad, CIMB Islamic Bank Berhad and Ambank Islamic Berhad to our Group as at LPD; and
- (e) Tan Chyi Boon together his parents, Tan Yok Hong and Sow Geok Choo, had provided third party securities in the form of land and buildings for banking facilities extended by Alliance Bank Malaysia Berhad to our Group as at LPD.

As at LPD, we have received conditional approvals from all the financial institutions to discharge the above guarantees and third party securities, conditional on (i) successful listing of Solarvest on the ACE Market and (ii) substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions. We will apply to the banks to discharge the above guarantees and securities upon Listing and expect to complete the discharge within 6 months from our Listing.

In relation to the above, as at LPD, we have not utilised any banking facilities from CIMB Islamic Bank Berhad and Ambank Islamic Berhad. The outstanding banking facilities from Alliance Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad are as follows:

	RM'000
Alliance Bank Malaysia Berhad	5,766
OCBC Bank (Malaysia) Berhad	6,135
	11,901

(iii) Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 15 September 2017 between Atlantic Blue and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and
- (b) Underwriting agreement dated 21 August 2019 entered into between our Company and M&A Securities for the underwriting of 39,062,000 Issue Shares.

11. CONFLICT OF INTEREST**11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND OUR SUPPLIERS****11.1.1 Interest in similar business**

As at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are carrying on a similar or related trade as our Group in terms of provision of EPCC services and operations and maintenance of solar PV systems.

However, our related parties listed below are owners of solar PV plant under the FIT mechanism, where they sell electricity to TNB to generate supplemental income.

Related party/ Principal activities	Interested person	Nature of relationship	Type of solar PV plant
CS Organic Farm Sdn Bhd (dormant with investment in rooftop solar PV plant)	Tan Eng Heng Low Ing Ing	Tan Eng Heng is a project manager of Solarvest Energy Low Ing Ing is wife to Lim Chin Siu, our Promoter, Managing Director and substantial shareholder Both of them are directors and 50.0% shareholders of CS Organic Farm Sdn Bhd	Owner of a 59kWp solar PV plant
Distance Solar Energy Sdn Bhd (dormant with investment in rooftop solar PV plant)	Lim Ah Kau@ Lim Ah Kaw Wong Le Chin	The interested persons are parents to Lim Chin Siu, our Promoter, Managing Director and substantial shareholder Both of them are directors and 50.0% shareholders of Distance Solar Energy Sdn Bhd	Owner of a 180kWp solar PV plant
Ocean Solar Energy Sdn Bhd (dormant with investment in rooftop solar PV plant)	Tan Yok Hong Sow Geok Choo	The interested persons are parents to Tan Chyi Boon, our Promoter, Executive Director and substantial shareholder and Tan Qi Jie, our key senior management Both of them are directors and 50.0% shareholders of Ocean Solar Energy Sdn Bhd	Owner of a 24kWp solar PV

11. CONFLICT OF INTEREST (Cont'd)

Related party/ Principal activities	Interested person	Nature of relationship	Type of solar PV plant
Metex Steel Sdn Bhd (manufacturing and sale of steel wire mesh) and Starken AAC Sdn Bhd (manufacturing and sales of autoclaved aerated concrete products)	Chin Hin Datuk Seri Chiau Beng Teik Chiau Haw Choon	Metex Steel Sdn Bhd and Starken AAC Sdn Bhd are subsidiaries of Chin Hin, our Promoter and substantial shareholder Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors of Metex Steel Sdn Bhd and Starken AAC Sdn Bhd and our substantial shareholders Chiau Haw Choon is also our Non-Independent Non-Executive Director	<u>Metex Steel Sdn Bhd</u> Owner of 1 solar PV plant with capacity of 1MWp <u>Starken AAC Sdn Bhd</u> Owner of 2 solar PV plants with capacity of 1.0MWp and 0.4MWp respectively

The due diligence working group having reviewed the above is of the view that there is no competition between Solarvest and the related parties who owned solar PV plant as the related parties are not involved in provision of EPCC services and operations and maintenance of solar PV systems. The ownership of the solar PV plant is merely to provide supplemental income to the related parties.

11.1.2 Interest in business of our clients and/or suppliers of our group

Save as disclosed below, as at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which are clients and/or suppliers of our Group:

- (i) CS Organic Farm Sdn Bhd, Distance Solar Energy Sdn Bhd and Ocean Solar Energy Sdn Bhd were our clients and owned by persons related to our Managing Director and Executive Director;
- (ii) Chin Hin who is our Promoter and substantial shareholder, is also our client by virtue of our transactions with its subsidiaries, namely Metex Steel Sdn Bhd, Starken AAC Sdn Bhd, Metex Modular Sdn Bhd; and
- (iii) PP Chin Hin Sdn Bhd, a subsidiary of Chin Hin is also our supplier.

Please refer to Section 10.1.1 for the details of the related party transactions.

It is our Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties. Moving forward, in order to mitigate any possible conflict of interest situation, our Directors will declare to our Nominating Committee and our Board their interests in other companies on the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then evaluate if such Director's involvement give rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. Where a determination has been made that there is an actual or potential conflict of interest of a Director, our Nominating Committee will:

11. CONFLICT OF INTEREST (Cont'd)

- (i) Immediately inform our Board of the conflict of interest situation;
- (ii) Make recommendations to our Board to direct the conflicted Director to:
 - (a) Withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (b) Abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (ii) above, the conflicted Director shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

In circumstances where a Director has a significant, ongoing and irreconcilable conflict of interest with our Group and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

11.1.3 Disposal of material assets

Save for the disposal of Atlantic Ecocity Sdn Bhd to Tan Chyi Boon, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 31 March 2016 to 2019, acquired or proposed to be acquired by; or disposed of or proposed to be disposed of by; or leased or proposed to be leased to us. Please refer to Section 6.9.6(ii)(a) for details of the disposal of Atlantic Ecocity Sdn Bhd to Tan Chyi Boon.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (i) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (ii) Messrs Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing;
- (iii) Messrs Ecovis Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (iv) Protégé Associates Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

12. FINANCIAL INFORMATION**12.1 HISTORICAL FINANCIAL INFORMATION**

Our historical financial information throughout FYE 31 March 2016 to 2019 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

We completed the Acquisition on 15 July 2019. Atlantic Blue, Powertrack, Solarvest Energy and Solarvest Energy (SR) are assumed to be under common control with our Group since their incorporation and prior to the Acquisition. As such, the historical financial information of our Group for FYE 31 March 2016 to 2019 is presented based on combined audited financial statements of Solarvest Group.

12.1.1 Combined statements of comprehensive income

The following table sets out a summary of our combined statements of comprehensive income for FYE 31 March 2016 to 2019 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	35,286	39,009	45,069	112,201
Less: Cost of sales	(24,731)	(25,801)	(28,373)	(89,769)
GP	10,555	13,208	16,696	22,432
Other income	26	104	212	3,379
Administrative expense	(3,861)	(4,606)	(6,180)	(10,493)
Sales and distribution expense	(903)	(613)	(418)	(396)
Net impairment losses on financial assets	(10)	(161)	(81)	(480)
Other expenses ⁽¹⁰⁾	(133)	(136)	(299)	(1,105)
Profit from operations	5,674	7,796	9,930	13,337
Finance costs	(466)	(577)	(624)	(1,097)
Share of loss of associate, net of tax	-	-	-(1)	-
PBT	5,208	7,219	9,306	12,240
Taxation ⁽⁸⁾	(1,055)	(718)	(1,068)	(1,122)
Profit from continuing operations	4,153	6,501	8,238	11,118
<u>Discontinuing operations</u> ⁽⁷⁾				
Loss from discontinuing operations net of tax	(5)	(3)	-	-
PAT	4,148	6,498	8,238	11,118
PAT attributable to:				
Owners of the Company	4,150	6,499	8,239	11,124
Non-controlling interest	(2)	(1)	(1)	(6)
	4,148	6,498	8,238	11,118
EBIT (RM'000) ⁽²⁾	5,652	7,774	9,891	13,014
EBITDA (RM'000) ⁽²⁾	6,255	8,605	11,100	14,703
GP margin (%) ⁽³⁾	29.9	33.9	37.0	20.0
PBT margin (%) ⁽⁴⁾	14.8	18.5	20.6	10.9

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
PAT margin (%) ⁽⁴⁾	11.8	16.7	18.3	9.9
Basic EPS (sen) ⁽⁵⁾	1.4	2.2	2.8	3.8
Diluted EPS (sen) ⁽⁶⁾	1.1	1.7	2.1	2.8

Notes:

- (1) Represents less than RM1,000
- (2) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
PAT	4,148	6,498	8,238	11,118
Less:				
Interest income	(17)	(19)	(39)	(236)
Add:				
Finance costs ⁽¹¹⁾	466	577	624	1,010
Taxation	1,055	718	1,068	1,122
EBIT	5,652	7,774	9,891	13,014
Add:				
Depreciation and amortisation	603	831	1,209	1,689
EBITDA	6,255	8,605	11,100	14,703

- (3) Calculated based on GP over revenue
- (4) Calculated based on PBT/PAT over revenue
- (5) Calculated based on PAT attributable to owners of the Company and share capital of 291,795,655 Shares in issue before IPO
- (6) Calculated based on PAT attributable to owners of the Company and enlarged share capital of 390,623,655 Shares after IPO
- (7) Discontinuing operation refers to Atlantic Ecocity Sdn Bhd which was disposed of in FYE 31 March 2018 for a nominal sum of RM60 and we recorded a gain of disposal of RM5,558. The disposal was undertaken to streamline our business operations as it is not involved in solar PV industry
- (8) The taxation was computed based on existing tax exemptions enjoyed by Atlantic Blue (pioneer status), Solarvest Energy and Powertrack (tax incentives for green activities). The tax exemption enjoyed by Solarvest Energy and Powertrack will expire by year of assessment 2020 whilst the pioneer status enjoyed by Atlantic Blue can be renewed up to 31 December 2024. For illustration purposes, assuming Atlantic Blue is unable to renew its pioneer status and the tax exemptions granted by MIDA to Powertrack and Solarvest Energy expire, the additional tax payable by our Group for FYE 31 March 2019, which was computed based on taxable income of each company and prevailing tax rate of 24% are as follows:

12. FINANCIAL INFORMATION (Cont'd)

	Pioneer status	Tax exemption
	FYE 31 March 2019	FYE 31 March 2019
	RM	RM
Atlantic Blue	124,943	-
Solarvest Energy	-	1,553,771
Powertrack	-	336,405
	124,943	1,890,176

Please refer to Section 9.1.10 for risk of not being able to maintain Atlantic Blue's pioneer status.

- (9) The revenue and profit contributed by our related parties are as follows:

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Revenue contribution:				
- Chin Hin group of companies	10,010	5,709	88	2,641
- Other related parties	-	334	788	-
	10,010	6,043	876	2,641
GP contribution:				
- Chin Hin group of companies	3,333	1,653	98	133
- Other related parties	-	29	323	-
	3,333	1,682	421	133

The EPCC services with Chin Hin group of companies in FYE 31 March 2016 and FYE 31 March 2017 are secured prior to Chin Hin's acquisition of 45% equity interest in Atlantic Blue. The GP contribution by Chin Hin group of companies is higher than the revenue in FYE 31 March 2018 due to discount received from the suppliers and subcontractors after completion of the project.

- (10) Mainly due to expenses for our Listing of RM0.9 million for FYE 31 March 2019
- (11) Excludes the unwinding of discount on RPS for FYE 31 March 2019

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12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 March 2016, 2017, 2018 and 2019 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	10,455	11,589	14,655	14,682
Investment properties	1,168	1,152	-	⁽²⁾ 887
Intangible assets	-	-	1	⁽³⁾ 632
Deferred tax assets	420	432	13	112
Trade receivables ⁽¹⁾	-	137	1,002	⁽⁵⁾⁽⁶⁾ 2,442
Other receivables ⁽¹⁾	208	218	229	240
	12,251	13,528	15,900	18,995
Current assets				
Inventories	1,223	1,542	1,430	⁽⁷⁾ 2,030
Trade receivables	6,640	5,798	4,051	⁽⁵⁾⁽⁶⁾ 15,545
Other receivables, deposits and prepayments	1,393	1,002	2,740	10,605
Contract assets	1,688	1,738	8,325	⁽⁵⁾ 16,646
Current tax assets ⁽⁴⁾	-	-	1,302	1,903
Fixed deposits with financial institutions	533	598	661	8,235
Cash and bank balances	672	3,900	2,876	14,191
	12,149	14,578	21,385	69,155
Asset classified as held for sale	-	906	-	-
Total assets	24,400	29,012	37,285	88,150
Equity				
Invested equity	1,012	1,018	1,000	1,000
Retained earnings	5,067	11,316	19,555	30,680
	6,079	12,334	20,555	31,680
Non-controlling interest	⁽²⁾	⁽³⁾	-	⁽⁶⁾
Total equity	6,077	12,331	20,555	31,674
Non-current liabilities				
Bank borrowings	8,894	7,978	6,921	5,798
Finance lease liabilities	392	454	912	1,096
RPS	-	-	-	4,555
Trade payables	-	18	134	⁽⁵⁾ 503
Contract liabilities	206	303	378	273
	9,492	8,753	8,345	12,225
Current liabilities				
Trade payables	1,138	1,965	2,859	⁽⁵⁾ 25,474
Other payables and accruals	1,424	1,212	1,713	2,645
Provisions	-	-	514	332
Amount owing to Directors	877	460	-	-

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Bank borrowings	1,855	1,689	2,501	7,693
Finance lease liabilities	185	259	471	611
Contract liabilities	3,234	2,208	327	⁽⁵⁾ 7,496
Current tax liabilities	118	134	-	-
	8,831	7,927	8,385	44,251
Liabilities classified as held for sale	-	1	-	-
	8,831	7,928	8,385	44,251
Total liabilities	18,323	16,681	16,730	56,476
Total equity and liabilities	24,400	29,012	37,285	88,150

Notes:

- (1) Please refer to Section 12.2.1(ix) for further details of our non-current trade receivables and other receivables
- (2) Consist of 1 office unit located in Petaling Jaya
- (3) Consist of trademarks and our Epicor enterprise resource planning software. Trademark was recognised in FYE 31 March 2018 as it was only issued by Intellectual Property Corporation of Malaysia in 2016 and 2017. The previous accounting system was not recognised as it was not material
- (4) Consist of overpayment of income tax to Inland Revenue Board. Solarvest has recently received a tax refund of RM1.3 million from Inland Revenue Board in relation to the tax instalment for year of assessment 2018. The remaining RM0.6 million is the overpayment of tax instalment for year of assessment 2019
- (5) The increase in the trade receivables, trade payables, contract assets and contract liabilities are mainly due to the significant increase in our Group's revenue and operations in FYE 31 March 2019 where we undertook more LSSPV projects. As the value of the LSSPV projects are much higher as compared to the residential, commercial and industrial projects, our trade receivables, trade payables, contract assets and contract liabilities balance increased correspondingly
- (6) The trade receivables balance as at 31 March 2019 mainly consists of balances from LSSPV projects such as ET Energy (Malaysia) Sdn Bhd (RM3.4 million), TH Mestika Sdn Bhd (RM1.6 million), CEEC Tianjin Electric Power (M) Sdn Bhd (RM1.6 million), Asia Meranti Group (RM1.2 million) and Pensolar Sdn Bhd (RM1.1 million) and balances from commercial and industrial clients such as Supreme Rice Mill Sdn Bhd (RM1.1 million), Tong Heer Fasteners Co. Sdn Bhd (RM1.5 million) and Ban Chuan Seng Rice & Oil Mills Sdn Bhd (RM1.3 million). Please refer to Section 12.8.1 for the details on the trade receivables turnover
- (7) The increase in the inventories is mainly due to the purchases of additional PV modules for our future projects during the zero-rated Goods and Services Tax period from June 2018 to August 2018 to enjoy the additional cost savings

12. FINANCIAL INFORMATION (Cont'd)**12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for FYE 31 March 2016 to 2019 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March 2016	March 2017	March 2018	March 2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
PBT				
From continuing operations	5,208	7,219	9,306	12,240
From discontinuing operations	(5)	(3)	-	-
Adjustments for:				
Accretion of discount on RPS	-	-	-	(2,732)
Depreciation of investment properties	17	17	17	19
Amortisation of intangible assets	-	(1)	(1)	77
Bad debts written off, net	8	38	21	49
Depreciation of property, plant and equipment	586	814	1,192	1,592
Gain on disposal of property, plant and equipment	-	-	(10)	(16)
Finance costs	466	577	624	1,097
Share of loss on investment in an associate	-	-	(1)	-
Gain on disposal of an associate	-	-	(1)	-
Gain on disposal of a subsidiary	-	-	(6)	-
Net impairment loss on trade receivables	10	161	81	480
Accretion of discount on trade receivables	-	88	150	-
Accretion of discount on other receivables	119	-	-	-
Provision/(reversal) for onerous contract	-	-	514	(514)
Provision for defects liabilities	-	-	-	337
Finance income	(26)	(33)	(101)	(341)
Unrealised gain on foreign exchange	-	-	-	(14)
Operating profit before working capital changes	6,383	8,878	11,788	12,274
Changes in working capital:				
Decrease/(Increase) in inventories	39	(319)	112	(600)
(Increase)/Decrease in trade and other receivables, deposits and prepayments	(5,443)	816	(683)	(21,550)
Increase in contract assets	(1,688)	(51)	(6,587)	(8,321)
(Decrease)/Increase in trade and other payables, accruals and provisions	(4,947)	634	2,425	23,926
Increase/(Decrease) in contract liabilities	963	(930)	(1,805)	7,065
Cash (used in)/generated from operations	(4,693)	9,028	5,250	12,794

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	FYE 31 March 2016 RM'000	FYE 31 March 2017 RM'000	FYE 31 March 2018 RM'000	FYE 31 March 2019 RM'000
Finance costs paid	(466)	(577)	(624)	(1,009)
Interest income received	17	18	36	236
Tax paid	(983)	(714)	(2,085)	(1,822)
Net cash (used in)/from operating activities	(6,125)	7,755	2,577	10,199
Cash flows from investing activities				
Acquisition of intangible assets	-	(1)	(1)	(393)
Investment in an associate	-	-	(1)	-
Net cash inflow on disposal of a subsidiary	-	-	(1)	-
Acquisition of equity in Powertrack and Solarvest Energy from common controlling shareholders	-	-	(18)	-
Purchase of property, plant and equipment	(2,394)	(1,592)	(2,517)	(1,594)
Purchase of investment property	-	(905)	-	-
Proceeds from disposal of property, plant and equipment	-	-	34	23
Proceeds from disposal of an associate	-	-	(1)	-
Net cash used in investing activities	(2,394)	(2,498)	(2,502)	(1,964)
Cash flows from financing activities				
Proceeds from issuance of equity	612	6	(1)	(1)
Increase in fixed deposits pledged	(225)	(65)	(63)	(7,574)
Placement into sinking fund for banking facilities	-	-	-	(1,337)
Net receipt/(repayment) of advances from directors	355	(417)	(460)	7,200
Net drawdown/(repayment) of bankers acceptance	233	167	308	(708)
Net drawdown of local bill purchase	-	-	-	6,583
Net drawdown/(repayment) of term loans	7,009	(878)	(986)	(1,042)
Net repayment of finance lease liabilities	(109)	(220)	(331)	(615)
Dividend paid	-	(250)	-	-
Net cash from/(used in) financing activities	7,875	(1,657)	(1,532)	2,507
Net (decrease)/increase in cash and cash equivalents	(644)	3,600	(1,457)	10,742
Cash and cash equivalents at beginning of the financial year	613	(31)	3,569	2,112
Cash and cash equivalents at end of the financial year	(31)	3,569	2,112	12,854

Note:

(1) Representing less than RM1,000

12. FINANCIAL INFORMATION (Cont'd)**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our combined financial statements for FYE 31 March 2016 to 2019 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations**(i) Principal activities**

Our Group is principally involved in the provision of EPCC services and operations and maintenance of solar PV systems for (i) residential, commercial and industrial properties; and (ii) LSSPV plants. In addition, we also own a solar PV plant.

(ii) Revenue

Our Group's revenue is mainly derived from the provision of EPCC services. Revenue is recognised when the Group satisfies a performance obligation by delivering promised goods and/or services to a client, which is when the client obtains control of the goods and/or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

We have included operations and maintenance services for all our EPCC contracts for residential, commercial and industrial clients. As the total contract value in the EPCC contracts comprise 2 components i.e. EPCC services and operations and maintenance services which have different performance obligation, we must first segregate the total contract value into (a) EPCC services and (b) operations and maintenance services on relative standalone selling prices. The selling price for operations and maintenance services is estimated by applying the expected cost plus a margin approach.

We will then recognise the revenue from EPCC services and operations and maintenance services as follows:

- (a) For EPCC projects, the Group transfers control of goods and/or services over time and, therefore satisfies a performance obligation and recognises revenue over time based on the costs incurred to date as a proportion of the estimated total cost to be incurred. We will recognise the revenue from the commencement of our EPCC services up to testing and commissioning stage; and
- (b) Revenue from operations and maintenance services is deemed as a performance obligation to be satisfied over time. Hence, revenue is recognised over time by measuring the progress towards satisfying performance obligation. Payment received is initially recorded as a contract liability and later recognised as revenue over the period of which the operations and maintenance services are provided. We will recognise the revenue evenly throughout the operations and maintenance period of 2 to 5 years.

We will progressively bill our clients upon achievement of specified milestones for our EPCC services. There is no separate payment milestone for our operations and maintenance services included in the EPCC contract.

12. FINANCIAL INFORMATION (Cont'd)

Revenue from the sale of power generated as an owner of solar PV plant is recognised over time based on delivery of electricity power generated by the solar PV plant.

(iii) Cost of sales

Our cost of sales mainly comprises materials, salaries, wages and subcontractor costs, details as follows:

(a) Purchases of materials

Our Group's materials mainly consist of solar PV modules, inverters, cables and mounting structures. We source our required materials from pre-qualified local and foreign vendors.

We generally purchase our materials based on our projects' requirements. Materials are sourced from our vendors, and selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long-term business relationship with our pre-qualified list of vendors, we also source for materials from new vendors, when the need arises.

(b) Salaries, wages and subcontractor costs

Salaries and wages are paid to our project and technical personnel. We subcontract the bulk of our labour intensive works such as installation works as well as certain specialised works such as earthworks, roadworks and drainage.

(c) Project expenses

Project expenses consist mainly of architect fees, insurance premium, processing fees to authorities and other direct costs relating to projects.

(d) Transportation costs

Transportation costs consist largely of logistic expenses to transport the solar PV systems to project sites.

When the outcome of an EPCC contract can be reliably estimated, contract costs are recognised as cost of sales by using the stage of completion method. The stage of completion is measured by reference to actual costs incurred for work performed to-date over the estimated total contract costs.

When the outcome of an EPCC contract cannot be reliably estimated, contract cost is recognised as cost of sales in the period in which it is incurred.

Irrespective of whether the outcome of an EPCC contract can be reliably estimated, when it is probable that the contract will incur losses, the expected loss is provided for immediately.

When the stage of completion exceeds corresponding progress billings, the balance is shown as contract assets. When progress billings exceed the corresponding stage of completion, the balance is shown as contract liabilities.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Other income**

Other income includes interest income, rental income, interest income on trade receivables, unwinding of discount on trade and other receivables and accretion of discount on RPS.

Interest income on trade receivables is derived from residential clients who have opted for our monthly installment plan, where we charge interest of up to 5% per annum.

The unwinding of discount on trade receivables and other receivables arises from the discounting of non-current trade receivables and other receivables to their present value at initial recognition to account for the time value of money and financing component, and the difference between the future value and present value of the non-current trade receivables and other receivables is recognised as other income over the periods in which the non-current trade receivables and other receivables become due and collectible in the future.

The accretion of discount on RPS arises from the discounting of RPS to its present value at initial recognition to account for the time value of money and financing component. The difference between the future value and present value of the RPS is recognised as finance cost over the tenure of the RPS.

This is in accordance with MFRS 9, Paragraph B5.1.1 where the fair value of financial assets and financial liabilities at amortised cost that carry no interest can be measured as the present value of all future cash receipts discounted using the prevailing market rate of interest for similar instrument with similar credit rating.

MFRS 13, Paragraph 47 states that "fair value of a financial liability with a demand feature (eg a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid". As such, discounting is not required for advances by Solarvest to/from related parties as these advances are non-interest bearing and have no fixed terms of repayments. As the repayment of such advances can theoretically be demanded by Solarvest/related parties the next day, the effect of such discounting for next day receipt/ payment is likely to be immaterial.

(v) Administrative expense

Administrative expense comprise mainly overheads incurred to maintain our operations such as remuneration of administrative staff, directors' remuneration, depreciation, rental expenses and upkeep of office and motor vehicles.

(vi) Sales and distribution expense

Sales and distribution expense consists of costs incurred directly for sales and marketing functions such as advertising and marketing expenses and commission paid to sales agents for the residential, commercial and industrial segments.

(vii) Other expenses

Other expenses relate to expenses incurred which are not directly related to our operations such as listing expenses, impairment on trade receivables, discounting on non-current trade and other receivables to their present value and small value items of property, plant and equipment expensed off.

12. FINANCIAL INFORMATION (Cont'd)**(viii) Finance costs**

Finance costs comprise mainly interest expense on our bank borrowings and unwinding of discount on RPS.

(ix) Others

(a) Non-current trade receivables, consists of:

(aa) Retention sums that are receivable after 12 months

Retention sum is a percentage of contract value that is retained by our clients to secure our performance of the EPCC contract. Such sum will be retained by our clients for a period ranging from 6 to 24 months after the testing and commissioning of our projects. Retention sum which are due within 12 months are recognised as current trade receivables while those which are due after 12 months are recognised as non-current trade receivables.

(bb) Trade receivables that are under monthly installment plan where the installments are only due after 12 months

We provide our residential clients with the option of an instalment scheme to pay their contract value for EPCC services over monthly installments ranging between 10 and 60 months. Installments which are due within 12 months are recognised as current trade receivables while those which are due after 12 months are recognised as non-current trade receivables.

(b) Non-current other receivables

This balance relates to premium refunds from life insurance policies for certain of our Directors, namely Lim Chin Siu and Tan Chyi Boon.

In 2015, Atlantic Blue obtained banking facilities from OCBC Bank (Malaysia) Berhad, which requires Atlantic Blue to pledge life insurance policies for Lim Chin Siu and Tan Chyi Boon to the lender for a period of 10 years commencing from 28 May 2015 to 28 May 2025. The insurance policy for a sum assured of RM2.5 million for each of them was underwritten by the insurer for a premium of RM477,000.

Should Atlantic Blue make any claim against the policies, the sum assured of RM2.5 million will be used to settle the outstanding banking facilities of OCBC Bank (Malaysia) Berhad. Any remaining amount after settling the outstanding banking facilities will be refunded back to Atlantic Blue. If Atlantic Blue did not make any claim against the policies at the expiry of the life insurance policies on 28 May 2025, the insurer will refund RM317,632 back to Atlantic Blue. The difference between RM477,000 and RM317,632 represents the insurance expense to the Group.

Please refer to Section 12.4 for details of the banking facilities and securities pledged, which include the said life insurance policies.

As the premium refunds from the life insurance policies are due after 12 months, they are accounted for as non-current other receivables.

12. FINANCIAL INFORMATION (Cont'd)**(c) Provision for defects liabilities**

For EPCC contracts with operations and maintenance services (residential, commercial and industrial projects where we are the turnkey EPCC contractors), no provision for defects liabilities is made. The scope of our operations and maintenance services cover repairs which are classified under the defects liability clause. Please refer to Section 7.2.2 for our scope of work under operations and maintenance services.

For EPCC contracts without operations and maintenance services (LSSPV where we are the subcontractors), provision is made for defects liability based on estimation of material, machines, contractor and labour costs during the defects liability period. We make the provision by estimating costs to be incurred for each type of repair pertinent to our scope of work for the LSSPV contract. Larger LSSPV contracts are expected to incur higher costs for the same type of repair due to its size. We have also considered our past experience with rectifying defects for clients in the commercial/industrial and residential segments for certain types of repair common to solar PV installation, adjusting them to the scale required for LSSPV. The provision for defects liabilities are reversed as and when expenses are incurred to perform defects rectification, and entirely at the end of defects liability period. Any under-provision will be expensed off during the financial year.

(x) Changes to accounting policies and estimates

Save as disclosed below, there were no other changes to our accounting policies and estimates during the financial years under review:

- (a) We have early adopted MFRS 9, Financial Instruments beginning FYE 31 March 2018. The adoption of MFRS 9 resulted in additional impairment loss on trade receivables, decreasing PAT for FYE 31 March 2016, FYE 31 March 2017 and FYE 31 March 2018 by RM10,275, RM11,075 and RM711 respectively. Please refer to note 3.2 in Section 13 for further details;
- (b) We have early adopted MFRS 15, Revenue from Contracts with Customers beginning FYE 31 March 2018, which resulted in recognition of operations and maintenance services as a separate performance obligation within EPCC contracts. As a result, a portion of the consideration for EPCC contract is allocated as operations and maintenance revenue. This consideration is recorded as a contract liability and recognised as revenue over the period that services are provided. The adoption of MFRS 15 resulted in the deferment of revenue to future years, decreasing PAT for FYE 31 March 2016, FYE 31 March 2017 and FYE 31 March 2018 by RM81,529, RM112,191 and RM95,639 respectively. Please refer to note 3.2 in Section 13 for further details; and
- (c) We have also adjusted the estimated useful life of our solar PV plant in Pokok Sena, Kedah from 50 years to 25 years since the beginning of FYE 31 March 2016. The change in depreciation rate was determined as an error in the initial estimate of the plant's useful life. The impact of under-depreciation was adjusted in the opening retained earnings of FYE 31 March 2016.

(xi) Recent developments

Save for the Acquisition, there were no significant events subsequent to our Group's audited combined financial statements for FYE 31 March 2019.

12. FINANCIAL INFORMATION (Cont'd)**(xii) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during FYE 31 March 2016 to 2019. In addition, our audited combined financial statements for the 4 financial years under review were not subject to any audit qualifications.

(xiii) Significant factors affecting our business

Section 9 details a number of risk factors relating to our business and industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect revenue and profits include but are not limited to the following:

(a) Unanticipated increase in project cost

Our profitability depends on our ability to accurately estimate project cost and project scheduling at the time of bidding / negotiation for projects. Any adverse developments which result in increase in project cost will lead to cost overruns affecting our cash flows or losses if actual costs for the projects exceed their estimates.

(b) Competition risk

The solar PV industry is highly fragmented, and we compete with other companies ranging from local to multinational firms. Some of our competitors may have greater resources than us or specialised expertise in certain segments.

Our financial performance may be materially and adversely affected if we are unsuccessful in bidding for new projects, or if price competition were to intensify, and accordingly our ability to win such projects requires us to accept smaller margins.

(c) Potential defects liability claims and performance ratio guarantee

The defects liability period commences from date of testing and commissioning and generally covers a period of 2 years, depending on the contract terms. Defective solar PV modules, inverters and certain parts are standard warranty provided by the equipment manufacturers. While we may attempt to recover any defects liability claim such as product warranty claims from the equipment manufacturers, we may from time to time, be required to compensate our clients prior to receiving the said claim. If we are unable to claim from the equipment manufacturers due to our negligence or the amounts of the claim cannot be recovered in full or at all from the vendors, we may be required to bear some or all the costs of the claims.

We also provide performance ratio guarantee of 1 to 3 years on our solar PV system. The financial performance of our Group may be adversely affected if the solar PV systems provided by us fail to meet the guaranteed solar power generation capacity, as we are required to compensate our client the costs of the performance shortfall.

12. FINANCIAL INFORMATION (Cont'd)

(d) Possible delays in completing our projects

Our Group's revenue is dependent on timely completion of our projects. However, the completion of our projects is dependent on many external factors inherent in the EPCC industry including, inter alia, the timely receipt of requisite licences, permits or regulatory approvals, availability of materials, equipment and labour, availability of financing and satisfactory performance of the appointed subcontractors. Any adverse developments which lead to delay in completing our projects may have a negative impact on our Group's financial performance.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.2 Review of results of operations****(i) Revenue****Analysis of revenue by activities**

	Audited					
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
EPCC services						
- Residential solar PV systems	6,490	18.4	10,351	26.5	9,871	21.9
- Commercial and industrial solar PV systems	26,825	76.0	26,526	68.0	16,680	37.0
- LSSPV plants	-	-	85	0.2	16,880	37.5
	33,315	94.4	36,962	94.7	43,431	96.4
					107,632	96.0
Owner of solar PV plant	1,934	5.5	1,978	5.1	1,522	3.4
					1,575	1.4
Operations and maintenance						
- Residential, commercial and industrial solar PV systems	37	0.1	69	0.2	116	0.2
					362	0.3
Others⁽¹⁾	-	-	-	-	-	-
					2,632	2.3
	35,286	100.0	39,009	100.0	45,069	100.0
					112,201	100.0

Note:

- ⁽¹⁾ Being one-off project management of electrical and fire protection works for our related party, Metex Modular Sdn Bhd (a subsidiary of Chin Hin) with a contract value of RM12.4 million. We expect to complete this project by third quarter of 2019

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2016 and FYE 31 March 2017**

Our Group's total revenue increased by RM3.7 million or 10.5% from RM35.3 million in FYE 31 March 2016 to RM39.0 million in FYE 31 March 2017. The overall increase in revenue was contributed by the increase in revenue generated from our EPCC services by RM3.6 million or 10.9% during FYE 31 March 2017.

EPCC services

Revenue from our EPCC services contributed RM37.0 million or 94.7% of our Group's revenue in FYE 31 March 2017. Revenue from this segment was mainly derived from the installation of solar PV systems on residential, commercial and industrial properties.

During FYE 31 March 2017, approximately RM10.4 million or 26.5% of our revenue from EPCC services was derived from the installation of solar PV systems on residential properties while the balance of RM26.5 million or 68.0% was derived from the installation of solar PV systems on commercial and industrial properties.

Our EPCC services for residential properties generally involved the installation of solar PV systems which generates approximately 4kWp – 12kWp while the commercial and industrial properties are able to generate up to 1MWp. Electricity generated is supplied to Distribution Licensees under the FIT mechanism.

Resulting from our marketing efforts to increase product awareness and our ability to provide hassle-free services to our clients from the application process to the installation of the solar PV systems, we were able to capture the growing market demand for solar PV systems by home owners. This resulted our EPCC revenue from residential properties to increase by RM3.9 million or 59.5% in FYE 31 March 2017.

Our sales and marketing team were also aggressively promoting the installation of solar PV systems on commercial and industrial buildings. As a result, we secured higher number of projects but lower contract value in FYE 31 March 2017 as compared to the previous financial year. This is due to increasing competition in the industry. Major projects which contributed to our Group's revenue in FYEFYE 31 March 2017 were as follows:

- (a) Two 1MWp projects located in Seberang Perai and Bukit Sentosa with total combined contract value of RM13.4 million. Both these projects were substantially completed during FYE 31 March 2017 and contributed total revenue of RM10.2 million, representing 26.2% of our Group's revenue;
- (b) Four 425kWp projects located in Seberang Perai Tengah, Bukit Minyak, Jitra and Sungai Petani with total combined contract value of RM10.8 million which were substantially completed during FYE 31 March 2017. Collectively, these projects contributed revenue of RM7.7 million, representing 19.7% of our Group's revenue; and

12. FINANCIAL INFORMATION (Cont'd)

- (c) Two projects located in Alor Setar, generating 260kWp and 270kWp respectively with combined contract value of RM3.7 million. Both these projects were completed during FYE 31 March 2017 and hence we recognised the entire contract value, representing 9.5% of our Group's revenue.

In addition to the above, our Group also secured a 12MW LSSPV plant project located in Bukit Kayu Hitam with contract value of RM12.4 million. This project was only 8.1% completed and contributed a minimal revenue of RM0.1 million in FYE 31 March 2017.

Owner of solar PV plant

As an owner of a solar PV plant, we have entered into a REPPA with TNB on 16 October 2014 to supply electricity for a period of 21 years commencing on 8 December 2014.

During FYE 31 March 2017, revenue from this segment increased by 5.3% from RM1.9 million in FYE 31 March 2016 to RM2.0 million in FYE 31 March 2017. Revenue from this segment is relatively stable due to the consistent performance of our solar PV plant. Nevertheless, the performance of our solar PV plant will be affected by adverse weather conditions, damages on solar PV panels and downtime arising from repair and maintenance work performed on the solar PV systems.

Operations and maintenance

Revenue from operations and maintenance increased by approximately RM0.03 million or 86.5% in line with the number of completed EPCC projects undertaken by our Group. As we included operations and maintenance services with a period between 2 to 5 years in our EPCC contracts to all of our residential, commercial and industrial clients, this resulted in the increase in our operations and maintenance revenue as we undertake more EPCC projects. Revenue from operations and maintenance are recognised evenly across the service period committed to our clients.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Our Group's revenue increased by RM6.1 million or 15.6% from RM39.0 million in FYE 31 March 2017 to RM45.1 million in FYE 31 March 2018. The increase in revenue was mainly attributable to our EPCC services as this segment remained as our largest revenue segment, having contributed 96.4% of our Group's revenue in FYE 31 March 2018.

12. FINANCIAL INFORMATION (Cont'd)EPCC services

Revenue generated from our EPCC services increased by RM6.4 million or 17.3% from RM37.0 million in FYE 31 March 2017 to RM43.4 million in FYE 31 March 2018. The increase in revenue was mainly contributed by higher revenue generated from our LSSPV projects which increased by RM16.8 million. Nevertheless, this was offset by a decrease in revenue from residential, commercial and industrial projects which declined by RM10.3 million or 28.0% as compared to FYE 31 March 2017.

Revenue generated from EPCC services for residential projects remained fairly consistent during FYE 31 March 2018, which decreased marginally by RM0.5 million or 4.8% from RM10.4 million in FYE 31 March 2017 to RM9.9 million in FYE 31 March 2018.

Our Group secured lesser EPCC projects from commercial and industrial segment in FYE 31 March 2018 as compared to FYE 31 March 2017. These resulted in revenue from this segment to decrease by RM9.8 million or 37.0% from RM26.5 million in FYE 31 March 2017 to RM16.7 million in FYE 31 March 2018.

Meanwhile, our LSSPV project in Bukit Kayu Hitam was completed and commissioned in January 2018 contributing revenue of RM11.9 million. We also focused on penetrating the LSSPV segment and secured two additional LSSPV projects located in Gambang and Gurun with combined contract value of RM34.0 million. Our LSSPV projects contributed total revenue of RM16.9 million, representing 37.5% of our total revenue for FYE 31 March 2018.

Owner of solar PV plant

Revenue from this segment decreased by 25.0% from RM2.0 million in FYE 31 March 2017 to RM1.5 million in FYE 31 March 2018, mainly due to temporary discontinuance of a bonus FIT rate from 1 March 2017 to 31 August 2017. There are 4 criteria for bonus FIT rates and during the period between 1 March 2017 to 31 August 2017, we did not meet a criteria whereby the solar PV system has additional use as building materials. Please refer to Section 7.2.3 for further details. This was subsequently rectified and the bonus FIT rate was reinstated on 1 September 2017.

Operations and maintenance

Revenue from operations and maintenance increased by approximately RM0.05 million or 68.1% in tandem with the cumulative number of completed EPCC projects.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2018 and FYE 31 March 2019**

Our Group's revenue increased significantly by RM67.1 million or 148.8% from RM45.1 million in FYE 31 March 2018 to RM112.2 million in FYE 31 March 2019. The increase in revenue was mainly attributable to our EPCC services as this segment remained as our largest revenue segment, having contributed 96.0% of our Group's revenue in FYE 31 March 2019.

EPCC services

Revenue generated from our EPCC services increased by RM64.2 million or 147.9% from RM43.4 million in FYE 31 March 2018 to RM107.6 million in FYE 31 March 2019. The increase in revenue was mainly contributed by higher revenue generated from both our commercial and industrial segment and LSSPV projects which increased by RM19.7 million and RM53.7 million respectively. Nevertheless, this was offset by a decrease in revenue from residential projects which declined by RM9.2 million or 93.2% as compared to FYE 31 March 2018.

The decline in revenue from residential projects was mainly due to the switch from FIT mechanism to NEM mechanism. Under the NEM mechanism, generated energy will be consumed first with excess energy being exported and sold to Distribution Licensees at the prevailing Displaced Cost. The Displaced Cost under NEM mechanism is lower than FIT rate. Furthermore, under NEM mechanism, owners will only receive a credit to their electricity bill which is to be utilised within a maximum of 24 months, whereas under the FIT mechanism, owners will receive monthly cash payment from Distribution Licensees.

Nevertheless, the NEM mechanism remains a viable option for our commercial and industrial clients who are generally keen to utilise the energy generated from their solar PV system to reduce their overall electricity expenses. As such, our Group managed to secure more projects from the commercial and industrial segment. The major commercial and industrial projects undertaken during FYE 31 March 2019 were as follows:

- (a) A 4.0MWp project located in Nibong Tebal with contract value of RM10.6 million. This project was approximately 81.7% completed and contributed revenue of RM8.7 million during FYE 31 March 2019;
- (b) A 0.86MWp project located in Seberang Perai Tengah with contract value of RM3.0 million. This project was fully completed during FYE 31 March 2019;
- (c) A 1.0MWp project located in Seberang Perai with contract value of RM3.7 million. This project was fully completed during FYE 31 March 2019;
- (d) A 0.812MWp project located in Ayer Hitam, Kedah with contract value of RM2.7 million. This project was approximately 62.6% completed and contributed revenue of RM1.7 million during FYE 31 March 2019; and
- (e) A 1.0MWp project located in Rawang, Selangor with contract value of RM4.9 million. This project was approximately 27.8% completed and

12. FINANCIAL INFORMATION (Cont'd)

contributed revenue of RM1.4 million during FYE 31 March 2019.

Revenue from LSSPV segment increased significantly by RM53.7 million or 319.6% from RM16.8 million in FYE 31 March 2018 to RM70.5 million in FYE 31 March 2019. Total revenue of RM70.5 million in FYE 31 March 2019 was mainly due to higher percentage of completion from our Gambang and Gurun projects which contributed revenue of RM34.3 million, collectively as well as new LSSPV projects secured during the financial year. The major new LSSPV projects undertaken during FYE 31 March 2019 were as follows:

- (a) A 58.5MWp project located in Kuala Ketil with contract value of RM13.9 million. This project is fully completed and contributed revenue of RM13.9 million during FYE 31 March 2019;
- (b) A 12.9MWp project located in Kinta, Perak with contract value of RM53.6 million. This project was approximately 18.6% completed and contributed revenue of RM10.0 million during FYE 31 March 2019;
- (c) A 12.7MWp project located in Kamunting, Perak with contract value of RM53.8 million. This project was approximately 10.1% completed and contributed revenue of RM5.4 million during FYE 31 March 2019; and
- (d) A 13.0MWp project located in Kampar, Perak with contract value of RM50.6 million. This project was approximately 7.4% completed and contributed revenue of RM3.8 million during FYE 31 March 2019.

Owner of solar PV plant

Revenue from this segment increase marginally by 3.5% in FYE 31 March 2019 mainly due to fluctuations in power generation as a result of weather conditions.

Operations and maintenance

Revenue from operations and maintenance increase by approximately RM0.2 million or 212.1% in tandem with the cumulative number of completed EPCC projects as well as the increase in operating and maintenance sales order received from new customers.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Cost of sales, GP and GP margin****Analysis of cost of sales by components**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases of materials	18,740	75.8	17,798	69.0	13,777	48.6	30,459	33.9
Subcontractor cost	3,483	14.1	5,212	20.2	9,077	32.0	48,850	54.5
Depreciation of property, plant and equipment	209	0.8	219	0.8	395	1.4	613	0.7
Project expenses	1,114	4.5	737	2.9	1,175	4.1	2,000	2.2
Rental expenses	24	0.1	24	0.1	175	0.6	360	0.4
Transportation cost	393	1.6	429	1.6	610	2.1	2,426	2.7
Staff salaries	752	3.0	1,311	5.1	2,424	8.6	4,258	4.7
Provision for onerous contract ⁽²⁾	-	-	-	-	514	1.8	(514)	(0.6)
Provision for defect liabilities	-	-	-	-	-	-	337	0.4
Others ⁽¹⁾	16	0.1	71	0.3	226	0.8	980	1.1
	24,731	100.0	25,801	100.0	28,373	100.0	89,769	100.0

Notes:

⁽¹⁾ Consist of utilities, petrol and diesel, legal and professional fees, repair and maintenance, forex loss as well as small value tools used for our LSSPV projects

⁽²⁾ Represents one-off provision for a specific project

The main component of our cost of sales are purchases of materials, subcontractor cost and staff salaries. Collectively, these components accounted for 89.2% to 94.3% of our cost of sales for FYE 31 March 2016 to FYE 31 March 2019.

12. FINANCIAL INFORMATION (Cont'd)**Analysis of cost of sales by activities**

	Audited					
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
EPCC services						
- Residential solar PV systems	5,000	20.2	7,102	27.5	5,769	20.3
- Commercial and industrial solar PV systems	19,450	78.7	18,305	71.0	9,739	34.3
- LSSPV plants	-	-	80	0.3	12,367	43.6
	24,450	98.9	25,487	98.8	27,875	98.2
					86,508	96.3
Owner of solar PV plant	248	1.0	252	1.0	394	1.4
					434	0.5
Operations and maintenance						
- Residential, commercial and industrial solar PV systems	33	0.1	62	0.2	104	0.4
					326	0.4
Others	-	-	-	-	-	2.8
	24,731	100.0	25,801	100.0	28,373	100.0
					89,769	100.0

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Our Group's total cost of sales increased by RM1.1 million or 4.5% from RM24.7 million in FYE 31 March 2016 to RM25.8 million in FYE 31 March 2017.

Despite the 10.5% increase in revenue, purchases of materials decreased by RM0.9 million or by 4.9% from RM18.7 million in FYE 31 March 2016 to RM17.8 million in FYE 31 March 2017 mainly due to:

- Decrease in the overall cost of solar PV modules; and
- Lesser number of installations of solar PV systems on residential properties.

12. FINANCIAL INFORMATION (Cont'd)

As we expand our EPCC business, we were more involved in the project management of the EPCC projects, hence we subcontracted the bulk of the labour intensive works to subcontractors in FYE 31 March 2017. At such, our subcontractor cost increased by RM1.7 million or 48.6% from RM3.5 million in FYE 31 March 2016 to RM5.2 million in FYE 31 March 2017.

Staff salaries also increased by RM0.5 million or 62.5% from RM0.8 million in FYE 31 March 2016 to RM1.3 million in FYE 31 March 2017. This was mainly due to the recruitment of new technical staff during FYE 31 March 2017 to manage the increase in EPCC services as well as our overall efforts to strengthen our internal technical team.

Project expenses decreased by RM0.4 million or 36.4% from RM1.1 million in FYE 31 March 2016 to RM0.7 million in FYE 31 March 2017 as most application of SEDA quotas for our residential and industrial and commercials projects were submitted in FYE 31 March 2016. Installations of solar PV systems for approved quotas were only undertaken over the subsequent financial years.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Our Group's cost of sales increased by RM2.6 million or by 10.1% from RM25.8 million in FYE 31 March 2017 to RM28.4 million in FYE 31 March 2018.

The increase in overall cost of sales was mainly due to higher subcontractor cost which increased by RM3.9 million or 75.0% as compared to FYE 31 March 2017. The increase was in line with higher revenue from our LSSPV projects as we required more labour intensive installation and specialised works. The increase in subcontractor cost will not deteriorate our GP margin as we have considered and included such subcontractor cost in our contract value. By subcontracting more labour intensive works, we are able to undertake more projects simultaneously.

Our Group continued to strengthen our technical team by employing more project and technical personnel during FYE 31 March 2018. This resulted in the increase in staff salaries by RM1.1 million or 84.6% from RM1.3 million in FYE 31 March 2017 to RM2.4 million in FYE 31 March 2018.

Project expenses also increased by RM0.5 million or 71.4% from RM0.7 million in FYE 31 March 2017 to RM1.2 million in FYE 31 March 2018. The increase was mainly due to higher architect fees, applications for construction permit and safety checks incurred for our LSSPV projects.

Nevertheless, the above increases in cost were offset by lower purchase costs of materials which decreased by RM4.0 million or 22.5% from RM17.8 million in FYE 31 March 2017 to RM13.8 million in FYE 31 March 2018. Such decrease was in line with the overall decrease in revenue from residential, commercial and industrial segments coupled with our scope of work for LSSPV projects which does not require us to procure any major solar PV materials.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2018 and FYE 31 March 2019**

Our Group's cost of sales increased by RM61.4 million or by 216.4% from RM28.4 million in FYE 31 March 2018 to RM89.8 million in FYE 31 March 2019.

The increase in overall cost of sales was mainly due to higher subcontractor cost which increased by RM39.8 million as compared to FYE 31 March 2018. The increase was in line with higher revenue from our commercial and industrial segment and LSSPV projects as we required more labour intensive installation work to install our solar PV systems, as well as site preparation works such as earthwork, drainage, fencing works mainly for our LSSPV projects. The increase in subcontractor cost was also partially due to higher number of workers required on site to complete a few major EPCC projects within the project timelines.

As we undertook more commercial and industrial projects in FYE 31 March 2019, our purchases have also increased by RM16.7 million or 121.1% as compared to FYE 31 March 2018. The increase in our purchases was also due to the purchase of materials amounting to RM6.0 million installed/delivered for our LSSPV projects located in Kinta and Gampang.

Our transportation cost increased by RM1.8 million from RM0.6 million in FYE 31 March 2018 to RM2.4 million in FYE 31 March 2019 mainly due to the hire of machinery used for our LSSPV projects. Project expenses also increased by RM0.8 million or 66.7% from RM1.2 million in FYE 31 March 2018 to RM2.0 million in FYE 31 March 2019 mainly due to higher architect fees, insurance, security expenses and rental of tanks and other equipment used for our LSSPV projects.

Our Group continued to strengthen our technical team by employing additional 44 project and technical personnel during FYE 31 March 2019. This resulted in the increase in staff salaries by RM1.9 million or 79.2% from RM2.4 million in FYE 31 March 2018 to RM4.3 million in FYE 31 March 2019.

During FYE 31 March 2018, there was a delay in project milestones for the Gurun project due to unfavourable land condition and late delivery of materials for approximately 3 months which were purchased by our client. In order to complete the project on schedule, we have deployed more manpower into the project. The increase in cost is unavoidable to complete the Gurun project on time. As a result of this development, total estimated costs to complete the project have exceeded the estimated revenue. As such, we made a provision for onerous contract of RM0.5 million during FYE 31 March 2018. This provision for onerous contract was reversed in FYE 31 March 2019 upon completion of the project.

Provision for defect liabilities amounting to RM0.3 million was provided in FYE 31 March 2019 for all of our completed LSSPV projects as we provide our clients a defects liability period of 2 years.

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12. FINANCIAL INFORMATION (Cont'd)**Analysis of GP and GP margin by activities**

	Audited					
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018	
	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %
EPCC services						
- Residential solar PV systems	1,490	23.0	3,249	31.4	4,102	41.6
- Commercial and industrial solar PV systems	7,375	27.5	8,221	31.0	6,941	41.6
- LSSPV plants	-	-	5	5.9	4,513	26.7
	8,865	26.6	11,475	31.0	15,556	35.8
					21,124	19.6
Owner of solar PV plant	1,686	87.2	1,726	87.3	1,128	74.1
					1,141	72.4
Operations and maintenance						
- Residential, commercial and industrial solar PV systems	4	10.8	7	10.1	12	10.3
					36	9.9
Others	-	-	-	-	-	-
					131	5.0
	10,555	29.9	13,208	33.9	16,696	37.0
					22,432	20.0

Commentary on GP and GP margin**Comparison between FYE 31 March 2016 and FYE 31 March 2017**

Our Group's GP increased by RM2.6 million or 24.5% from RM10.6 million in FYE 31 March 2016 to RM13.2 million in FYE 31 March 2017 mainly due to higher revenue generated from our residential solar PV systems as well as an overall increase in profitability within our EPCC services segment. Our Group's overall GP margin has also improved from 29.9% in FYE 31 March 2016 to 33.9% in FYE 31 March 2017. The increase in our GP and GP margin was mainly due to the following:

12. FINANCIAL INFORMATION (Cont'd)EPCC services

During FYE 31 March 2017, our GP from EPCC services increased by RM2.6 million or 29.2% as compared to FYE 31 March 2016. Overall, our GP margin from EPCC services improved from 26.6% in FYE 31 March 2016 to 31.0% in FYE 31 March 2017 mainly due to the following factors:

- (a) Increased product acceptance, higher awareness of our brand and the use of higher quality solar PV modules which enabled us to better price our services especially for solar PV systems installed on residential properties. Hence, although there were lesser number of installations of solar PV systems on residential properties, our higher pricing in FYE 31 March 2017 contributed to the increase in our revenue and GP margin; and
- (b) Decrease in the overall cost of solar PV modules.

Operations and maintenance

GP increased by approximately RM3,000 in line with the increase in revenue during FYE 31 March 2017. The GP margin for operations and maintenance remains at approximately 10% as we adopted a cost-plus pricing method to determine the pricing for our services.

Owner of solar PV plant

GP and GP margin from this segment were fairly stable due to the consistent performance of our solar PV plant as well as the fixed cost incurred which mainly consist of depreciation, rental of land, insurance and staff cost. Our GP and GP margin for FYE 31 March 2017 amounted to RM1.7 million and 87.3% as compared to RM1.7 million and 87.2% in FYE 31 March 2016.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Our Group's GP increased by RM3.5 million or 26.5% from RM13.2 million in FYE 31 March 2017 to RM16.7 million in FYE 31 March 2018 mainly due to higher revenue contributed from our LSSPV plants as well as an overall increase in profitability within our EPCC services segment. Our Group's overall GP margin has also improved from 33.9% in FYE 31 March 2017 to 37.0% in FYE 31 March 2018. The increase in our GP and GP margin are mainly due to the following:

EPCC services

GP from EPCC services increased by RM4.1 million or 35.6% in FYE 31 March 2018 as compared to FYE 31 March 2017. The increase in GP was mainly contributed by LSSPV plants which amounted to RM4.5 million in FYE 31 March 2018. Similarly, our GP margin from EPCC services also improved from 31.0% in FYE 31 March 2017 to 35.8% in FYE 31 March 2018 mainly due to the following factors:

- (a) Further decrease in the overall cost of solar PV modules. Although our Group had to reduce our pricing to remain competitive, the effect of a decrease in the costs of our solar PV materials outweighed the decrease in our pricing; and
- (b) Cost savings arising from better pricing negotiation with subcontractors as our Group moved towards LSSPV projects.

Owner of solar PV plant

During FYE 31 March 2018, GP from this segment decreased by RM0.6 million or 35.3% as compared to FYE 31 March 2017 due to lower revenue arising from the temporary discontinuance of bonus rate. Resulting from this, our GP margin decreased from 87.3% in FYE 31 March 2017 to 74.1% in FYE 31 March 2018.

Operations and maintenance

GP increased by approximately RM5,000 in line with the increase in revenue during FYE 31 March 2017. The GP margin for operations and maintenance remained at approximately 10%.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Our Group's GP increased by RM5.7 million or 34.1% from RM16.7 million in FYE 31 March 2018 to RM22.4 million in FYE 31 March 2019 mainly due to higher revenue contributed from our LSSPV projects. Despite the increase in revenue, our Group's overall GP margin declined from 37.0% in FYE 31 March 2018 to 20.0% in FYE 31 March 2019. The changes in our GP and GP margin are mainly due to the following:

12. FINANCIAL INFORMATION (Cont'd)EPCC services

GP from EPCC services increased by RM5.6 million or 35.8% in FYE 31 March 2019 as compared to FYE 31 March 2018. The increase in GP was mainly contributed by LSSPV projects which amounted to RM13.6 million in FYE 31 March 2019. Despite the increase in GP, our GP margin from EPCC services decreased from 35.8% in FYE 31 March 2018 to 19.6% in FYE 31 March 2019 mainly due to the following factors:

- (a) Substantial portion of our Group's GP have shifted from residential projects to LSSPV projects which has a lower GP margin. LSSPV projects requires more site preparation and infrastructure works which require us to engage the services of specialised subcontractors, such as earthworks, roadworks and drainage, therefore reducing our GP margin;
- (b) Reduced pricing to secure 2 major commercial and industrial projects to improve our portfolio, ie Nefin Technologies (M) Sdn Bhd and Nibong Tebal Paper Mill Sdn Bhd. Nefin Technologies (M) Sdn Bhd is a solar developer company which invested in several countries such as Taiwan, China and Thailand while Nibong Tebal Paper Mill Sdn Bhd is a subsidiary of NTPM Holdings Berhad, a public company listed on the Main Market of Bursa Securities; and
- (c) Higher engagement of labour from subcontractors to ensure timely delivery of our EPCC projects.

Owner of solar PV plant

GP from our solar PV plant remains relatively consistent in FYE 31 March 2019. Our GP margin has decreased marginally by 1.7% during FYE 31 March 2019 mainly due to a one-off repair work undertaken during the period to replace a faulty transformer which was still under warranty from our supplier. Nevertheless, our Group incurred some labour and minor equipment component cost to replace the faulty unit.

Operations and maintenance

GP increased by approximately RM24,000 or 200.0% in line with the increase in revenue during FYE 31 March 2019. The GP margin for operations and maintenance remains at approximately 10%.

Others

The Group recorded a GP of RM0.1 million from our one-off project management of electrical and fire protection works with a GP margin of 5.0%.

12. FINANCIAL INFORMATION (Cont'd)**(iii) Other income**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income	17	65.4	18	17.3	22	10.4	204	6.1
Rental income	-	-	21	20.2	95	44.8	258	7.6
Unwinding of discount from trade and other receivables ⁽¹⁾	9	34.6	15	14.4	63	29.7	106	3.1
Insurance compensation ⁽³⁾	-	-	49	47.1	-	-	-	-
Interest income on trade receivables	-	-	1	1.0	17	8.0	32	0.9
Accretion of discount on RPS	-	-	-	-	-	-	2,732	80.9
Others ⁽²⁾	-	-	-	-	15	7.1	47	1.4
	26	100.0	104	100.0	212	100.0	3,379	100.0

Notes:

- ⁽¹⁾ The non-current trade and other receivables are discounted back to its present value at the financial year end. This is based on the principle that the same amount of money will have different value if it is to be collected after 12 months
- ⁽²⁾ Others mainly consist of gain on disposal of motor vehicle and foreign exchange gain
- ⁽³⁾ The underground sewerage piping belonging to Indah Water Consortium Sdn Bhd at one of our client's project site was damaged during the installation process. We repaired it and successfully claimed insurance compensation from Chubb Insurance Malaysia Berhad as we have purchased all risks insurance which covered our contract and installation works

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Other income increased by RM0.1 million from RM26,000 in FYE 31 March 2016 to RM0.1 million in FYE 31 March 2017. This was mainly due to one-off insurance compensation of RM0.1 million received for damages to an underground sewerage pipe at one of our project sites.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Other income increased by RM0.1 million from RM0.1 million in FYE 31 March 2017 to RM0.2 million in FYE 31 March 2018. This was mainly due to the following:

- (a) Higher rental income mainly arising from the rental of motor vehicles to a turnkey contractor of our LSSPV project;
- (b) Higher number of residential clients opted for the installment plan, which resulted in higher discount and the subsequent unwinding of discount on trade receivables; and
- (c) Higher interest income on trade receivables as more residential clients opt for instalment payment plan.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Other income increased by RM3.2 million from RM0.2 million in FYE 31 March 2018 to RM3.4 million in FYE 31 March 2019. This was mainly due to the following:

- (a) Recognition of the accretion of discount for RPS to reflect the present value of the RPS on initial recognition;
- (b) Higher interest income arising from fixed deposits of RM8.2 million placed with financial institutions as at FYE 31 March 2019 as compared to RM0.7 million placed with financial institutions as at FYE 31 March 2018;
- (c) Higher rental income arising from rental of motor vehicles to our turnkey contractor and subcontractor of LSSPV projects; and
- (d) Higher return from unwinding of discount of trade and other receivables as residential clients who opted for instalment payment plan in FYE 31 March 2017 and FYE 31 March 2018 are required to pay a full 12-month instalment in FYE 31 March 2019.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Administrative expense**

	Audited							
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018		FYE 31 March 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	21	0.5	49	1.1	66	1.1	122	1.1
Bank charges	45	1.2	35	0.8	58	0.9	172	1.6
Depreciation of property, plant and equipment	377	9.8	595	12.9	797	12.9	979	9.3
Director remuneration	638	16.5	667	14.5	653	10.6	914	8.7
Entertainment	257	6.7	397	8.6	362	5.9	436	4.2
Electricity and water	42	1.1	59	1.3	65	1.1	70	0.7
Legal and professional fee	47	1.2	33	0.7	13	0.2	277	2.6
Management fee	113	2.9	117	2.5	113	1.8	28	0.3
Printing and stationery	53	1.4	63	1.4	90	1.5	123	1.2
Rental expenses	155	4.0	120	2.6	144	2.3	249	2.4
Road tax and insurance	48	1.2	62	1.3	90	1.5	117	1.1
Staff salaries	1,239	32.1	1,359	29.5	2,170	35.1	5,137	49.0
Training expenses	22	0.6	120	2.6	156	2.5	53	0.5
Travelling and accommodation	318	8.2	336	7.3	646	10.4	661	6.3
Upkeep of motor vehicles, office and computers	66	1.7	132	2.9	180	2.9	243	2.3
Others ⁽¹⁾	420	10.9	462	10.0	577	9.3	912	8.7
	3,861	100.0	4,606	100.0	6,180	100.0	10,493	100.0

Note:

- ⁽¹⁾ Others mainly consist of Goods and Services Tax, Sales and Service Tax, recruitment fees, subscription fee, amortisation of investment properties and intangible assets, quit rent and assessment, cleaning expenses, human resources development funds, gift and donation and telephone charges

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2016 and FYE 31 March 2017**

Administrative expense increased by RM0.7 million or 17.9% from RM3.9 million in FYE 31 March 2016 to RM4.6 million in FYE 31 March 2017. The increase was mainly attributable to:

- (a) Increase in depreciation of property, plant and equipment by RM0.2 million mainly arising from the purchase of motor vehicles and renovation works during FYE 31 March 2017;
- (b) Increase in administrative staff costs by RM0.1 million mainly due to higher bonus in line with our business growth;
- (c) Increase in training expenses by RM0.1 million as directors and staff actively participated in various training courses to enhance working capabilities; and
- (d) Increase in upkeep expenses by RM0.1 million in line with the increase in number of motor vehicles purchased.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Administrative expense increased by RM1.6 million or 34.8% from RM4.6 million in FYE 31 March 2017 to RM6.2 million in FYE 31 March 2018. The increase was mainly attributable to:

- (a) Increase in depreciation of property, plant and equipment by RM0.2 million mainly due to new motor vehicles and machinery purchased during FYE 31 March 2018;
- (b) Increase in staff salaries by RM0.8 million mainly due to increment for existing staff and recruitment of five new staff consisting of management level staff, sales and marketing staff and administrative staff; and
- (c) Increase in travelling and accommodation expenses by RM0.3 million mainly due to higher travelling expenses incurred by our key senior management between our three offices and project sites.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2018 and FYE 31 March 2019**

Administrative expense increased by RM4.3 million or 69.4% from RM6.2 million in FYE 31 March 2018 to RM10.5 million in FYE 31 March 2019. The increase was mainly attributable to:

- (a) Increase in staff salaries, bonus and allowances by RM3.0 million mainly due to provision for bonus amounting to RM0.8 million, increment for existing staff and recruitment of 6 new staff consisting of management level staff, sales and marketing staff and administrative staff;
- (b) Increase in legal and professional fee by RM0.3 million mainly due to legal fee and stamp duty incurred for the new trade facilities of RM15.0 million and preparation of LSSPV agreements; and
- (c) Increase in depreciation of property, plant and equipment by RM0.2 million mainly due to the purchase of motor vehicles and machineries during the financial year.

(v) Sales and distribution expense

	Audited					
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
Commission	644	71.3	427	69.7	207	49.5
Marketing expenses	259	28.7	186	30.3	211	50.5
	903	100.0	613	100.0	418	100.0
					396	100.0

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Sales and distribution expense decreased by RM0.3 million or 33.3% from RM0.9 million in FYE 31 March 2016 to RM0.6 million in FYE 31 March 2017 mainly due to:

- (a) Decreased in commission by RM0.2 million due to lower commission rate offered to sales agents; and
- (b) Lower marketing expenses by RM0.1 million as our Group moved from conventional media printing to digital advertisement.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Sales and distribution expense further decreased by RM0.2 million or 33.3% from RM0.6 million in FYE 31 March 2017 to RM0.4 million in FYE 31 March 2018. This was mainly due to lower commission paid in line with the overall decrease in number of residential as well as commercial and industrial projects.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Sales and distribution expense remained relatively consistent at RM0.4 million for both FYE 31 March 2018 and FYE 31 March 2019.

(vi) Other expenses

	Audited					
	FYE 31 March 2016		FYE 31 March 2017		FYE 31 March 2018	
	RM'000	%	RM'000	%	RM'000	%
Accretion of discount on trade and other receivables	119	89.5	88	64.7	150	50.2
Property, plant and equipment expensed off	-	-	-	-	79	26.4
Realised and unrealised loss on foreign exchange	3	2.3	6	4.4	20	6.7
Listing expenses	-	-	-	-	-	-
Others ⁽¹⁾	11	8.2	42	30.9	50	16.7
	133	100.0	136	100.0	299	100.0
					1,105	100.0

Note:

⁽¹⁾ Others mainly consist of loss from burglary and bad debts written off

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Other expenses remained relatively consistent at RM0.1 million for both FYE 31 March 2016 and FYE 31 March 2017.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Other expenses increased by RM0.2 million or 200.0% from RM0.1 million in FYE 31 March 2017 to RM0.3 million in FYE 31 March 2018 mainly due to the following:

- (a) Increase in accretion of discount on trade and other receivables by RM0.1 million; and
- (b) Property, plant and equipment expensed off which amounted to RM0.1 million. These relate to small value equipment which are below the Group's minimum asset capitalisation policy of RM1,000.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Other expenses increased by RM0.8 million or 266.7% from RM0.3 million in FYE 31 March 2018 to RM1.1 million in FYE 31 March 2019 mainly due to our Listing expenses amounting to RM0.9 million.

(vii) Finance costs

	Audited					
	FYE 31 March 2016	%	FYE 31 March 2017	%	FYE 31 March 2018	FYE 31 March 2019
	RM'000		RM'000		RM'000	RM'000
Trade facilities	2	0.4	21	3.6	69	388
Hire purchase	27	5.8	37	6.4	51	102
Term loans	406	87.1	488	84.6	452	405
Bank overdraft	31	6.7	31	5.4	52	115
Unwinding of discount for RPS	-	-	-	-	-	87
	466	100.0	577	100.0	624	1,097
					100.0	100.0

Comparison between FYE 31 March 2016 and FYE 31 March 2017

Finance costs increased by RM0.1 million or 20.0% from RM0.5 million in FYE 31 March 2016 to RM0.6 million in FYE 31 March 2017. This was mainly due to increase in term loan interest coupled with a full year of interest servicing on a term loan which was taken to finance the acquisition of a property located in Penang in November 2015.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 31 March 2017 and FYE 31 March 2018**

Finance costs remained at RM0.6 million for both FYE 31 March 2017 and FYE 31 March 2018. Trade facilities and bank overdraft interest increased by RM0.07 million collectively due to higher bankers acceptance and overdraft utilised for working capital. However, this was offset by lower term loan interest resulting from lower outstanding balance.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Finance costs increased by RM0.5 million or 83.3% from RM0.6 million in FYE 31 March 2018 to RM1.1 million in FYE 31 March 2019. Trade facilities and bank overdraft interest increased by RM0.4 million collectively due to higher trade facilities and overdraft utilised for working capital to finance our LSSPV projects.

The increase in finance cost was also due to the unwinding of discount amounting to RM0.1 million resulting from the issuance of RPS amounting to RM7.2 million during the financial year.

However, the overall increase in finance cost was partially offset by lower term loan interest resulting from lower outstanding balance.

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12. FINANCIAL INFORMATION (Cont'd)**(viii) PBT and PBT margin**

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
PBT (RM'000)	5,208	7,219	9,306	12,240
PBT margin (%)	14.8	18.5	20.6	10.9

Comparison between FYE 31 March 2016 and FYE 31 March 2017

PBT margin improved from 14.8% in FYE 31 March 2016 to 18.5% in FYE 31 March 2017.

The improvement in our PBT margin was mainly attributed to higher GP margin arising from better pricing of our solar PV systems and lower cost of solar PV modules.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

PBT margin improved from 18.5% in FYE 31 March 2017 to 20.6% in FYE 31 March 2018.

The improvement in PBT margin was attributed to higher GP margin from further reduction in the cost of solar PV modules and cost savings from pricing negotiation with subcontractor for LSSPV projects. This was offset by the increase in administrative expense mainly due to salary increment and increase in head count.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

PBT margin decreased from 20.6% in FYE 31 March 2018 to 10.9% in FYE 31 March 2019.

The decrease in PBT margin was mainly attributed to lower GP margin as a substantial portion of our revenue shifted from residential, commercial and industrial projects to LSSPV projects which has lower GP margin. In addition, our Group's administrative cost has also increased mainly due to salary increment and increase in head count as well as expenses for our Listing.

(ix) Taxation

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
Taxation (RM'000)	1,055	718	1,068	1,122
Statutory tax rate (%)	24.0	24.0	24.0	24.0
Effective tax rate (%)	20.3	10.0	11.5	9.2

Atlantic Blue was granted pioneer status by MIDA for electricity generation as an owner of solar PV plant effective from 1 January 2015. Under the pioneer status, the profit derived from our own solar PV plant is exempted from tax for 5 years from 1 January 2015 to 31 December 2019, subject to further renewal of another 5 years.

12. FINANCIAL INFORMATION (Cont'd)

In addition, Powertrack and Solarvest Energy were also granted 100% tax exemption by MIDA on statutory income for a period of 5 years from year of assessment 2016 to 2020 and 2017 to 2020 respectively.

The difference between statutory tax rate and effective tax rate were mainly due to tax exempt income earned by Atlantic Blue, Powertrack and Solarvest Energy. The effective tax rate reduced significantly in FYE 31 March 2017 as Powertrack and Solarvest Energy were only granted tax exemption from year of assessment 2016 and 2017 onwards.

The Group recorded a lower effective tax rate in FYE 31 March 2019 mainly due to the following:

- (a) More EPCC contracts for commercial and industrial projects are secured by Solarvest Energy, which enjoys 100% tax exemption from MIDA;
- (b) Higher amount of capital allowances claimable due to the purchase of new machinery and equipment during the financial year; and
- (c) Other income arising from the accretion of discount for RPS (RM2.7 million) which is not taxable.

12.2.3 Review of financial position

The following table sets out the summary of the assets and liabilities for FYE 31 March 2016 to 2019, which have been extracted from the Accountants' Report set out in Section 13 and should be read in conjunction thereto:

(i) Assets

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Non-current assets	12,251	13,528	15,900	18,995
Current assets	12,149	14,578	21,385	69,155
Asset classified as held for sale	-	906	-	-
Total assets	24,400	29,012	37,285	88,150

Comparison between 31 March 2016 and 31 March 2017

Total assets increased by RM4.6 million from RM24.4 million in FYE 31 March 2016 to RM29.0 million in FYE 31 March 2017. This was mainly due to the increase in our non-current assets and current assets by RM1.3 million and RM3.3 million respectively.

The increase in non-current assets was mainly due to increase in property, plant and equipment largely from the purchase of motor vehicles and renovation for our offices in Alor Setar and Penang.

The increase in current assets was mainly due to higher cash and bank balance as well as inventories, which increased by RM3.2 million and RM0.3 million respectively, in line with higher business activities during the financial year.

Asset held for sale relates to an investment property held by our previous subsidiary,

12. FINANCIAL INFORMATION (Cont'd)

Atlantic Ecocity Sdn Bhd which was disposed off in FYE 31 March 2018.

Comparison between 31 March 2017 and 31 March 2018

Total assets further increased by RM8.3 million from RM29.0 million in FYE 31 March 2017 to RM37.3 million in FYE 31 March 2018 resulting from an increase in non-current assets by RM2.4 million and current assets by RM5.9 million.

The increase in non-current assets was mainly due to increase in property, plant and equipment largely from the purchase of machinery of RM1.5 million for our LSSPV projects, backup inverters of RM0.4 million for our operations and maintenance segment and motor vehicles of RM0.8 million.

The increase in current assets of RM5.9 million was mainly due to higher contract assets arising from the timing differences between revenue recognised and certified progress claims for our EPCC projects.

Comparison between 31 March 2018 and 31 March 2019

Total assets further increased by RM50.9 million from RM37.3 million in FYE 31 March 2018 to RM88.2 million in FYE 31 March 2019 resulting from an increase in non-current assets by RM3.1 million and current assets by RM47.8 million.

The increase in non-current assets of RM3.1 million was mainly due to the increase in trade receivables of RM1.4 million resulting from higher retention sum as we undertake more LSSPV projects during the financial year. Intangible assets also increased by RM0.6 million as we capitalised our enterprise resource planning software from prepayment.

The increase in current assets of RM47.8 million was mainly due to increase in trade receivables of RM11.5 million, cash and bank balances and fixed deposits with financial institutions of RM18.9 million, contract assets of RM8.3 million and other receivables of RM7.9 million, mainly attributable to larger and higher number of LSSPV and commercial and industrial projects secured and completed in FYE 31 March 2019. Other than our business expansion, Lim Chin Siu, Tan Chyi Boon and Datuk Seri Chiau Beng Teik also advanced RM7.2 million to our Group which have been capitalised into RPS.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Liabilities**

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities	9,492	8,753	8,345	12,225
Current liabilities	8,831	7,927	8,385	44,251
Liabilities classified as held for sale	-	1	-	-
Total liabilities	18,323	16,681	16,730	56,476

Comparison between 31 March 2016 and 31 March 2017

Total liabilities decreased by RM1.6 million from RM18.3 million in FYE 31 March 2016 to RM16.7 million in FYE 31 March 2017 mainly due to decrease in contract liabilities by RM1.0 million arising from timing differences when our progress billing exceeds revenue recognised by stage of completion.

Comparison between 31 March 2017 and 31 March 2018

Total liabilities remained at RM16.7 million in both FYE 31 March 2017 and FYE 31 March 2018. There was an increase in our trade payables of RM1.0 million as a result of higher trade payable turnover days, increase in other payables of RM1.0 million mainly from the provision for onerous contracts and accruals of bonus and salaries and increase in finance lease liabilities of RM0.7 million for new motor vehicles. Such increases were offset by a decrease in contract liabilities by RM1.9 million during the financial year.

Comparison between 31 March 2018 and 31 March 2019

Our total liabilities increased by RM39.8 million from RM16.7 million in FYE 31 March 2018 to RM56.5 million in FYE 31 March 2019, as a result of higher current liabilities mainly due to the following:

- (a) Increase in trade payables by RM22.6 million which consists of subcontractors and suppliers, in line with more and larger EPCC projects undertaken. Some of our suppliers offered longer credit term due to larger purchases;
- (b) Increase in our contract liabilities by RM7.2 million mainly due to three projects from Asia Meranti Group whereby we billed and collected advance payment of RM5.7 million in accordance with our billing milestone in EPCC contract; and
- (c) Increase in short term borrowings by RM5.2 million as additional trade facilities were utilised to finance LSSPV projects located in Gambang and Kuala Ketil.

In addition, our non-current liabilities also increased by RM3.9 million mainly due to the recognition of RPS amounting to RM4.6 million. Such increase was offset by a decrease in bank borrowings by RM1.1 million during the financial year.

12. FINANCIAL INFORMATION (Cont'd)**12.2.4 Review of cash flows**

The following table sets out the summary of the combined statements of cash flows for FYE 31 March 2016 to 2019, which have been extracted from the Accountants' Report set out in Section 13 and should be read in conjunction thereto:

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
	RM'000	RM'000	RM'000	RM'000
Net cash (used in)/from operating activities	(6,125)	7,755	2,577	10,199
Net cash used in investing activities	(2,394)	(2,498)	(2,502)	(1,964)
Net cash from/(used in) financing activities	7,875	(1,657)	(1,532)	2,507
Net (decrease)/ increase in cash and cash equivalents	(644)	3,600	(1,457)	10,742
Cash and cash equivalents at beginning of the financial year	613	(31)	3,569	2,112
Cash and cash equivalents at end of the financial year	(31)	3,569	2,112	12,854
Cash and cash equivalents at end of the financial year comprise:				
Cash and bank balances	672	3,900	2,876	14,191
Fixed deposits with licensed bank	533	598	661	8,235
	1,205	4,498	3,537	22,426
Less: Fixed deposits pledged	(533)	(598)	(661)	(8,235)
Less: Sinking fund account	-	-	-	(1,337)
Less: Bank overdrafts	(703)	(331)	(764)	-
	(31)	3,569	2,112	12,854

Cash flows from operating activities mainly consist of cash collected from our clients and payment to our suppliers, payment for day-to-day operational expenses, finance costs and tax. Generally, net cash inflow is due to the collection from clients exceeding payment to suppliers and other expenses, and vice versa.

Cash flows from investing activities mainly consist of cash paid to purchase our property, plant and equipment and other assets. We have incurred cash outflow throughout the years as we have been purchasing new property, plant and equipment every year.

Cash flows from financing activities mainly consist of drawdown of facilities from financiers, advances from Directors and the consequent repayment of facilities and advances. Generally, net cash inflow is due to drawdown of facilities and advances from Directors exceeding repayments, and vice versa.

12. FINANCIAL INFORMATION (Cont'd)**FYE 31 March 2016****Net cash from operating activities**

In FYE 31 March 2016, our net cash used in operating activities amounted to RM6.1 million. Our payments of RM35.8 million were offset by our collection of RM29.7 million. Such payments were mainly for:

- (i) trade suppliers and subcontractors of RM31.7 million;
- (ii) staff and directors' remuneration of RM2.6 million;
- (iii) interest of RM0.5 million; and
- (iv) income tax of RM1.0 million.

Prior to FYE 31 March 2016, most of our EPCC services are for residential segment. There was an increase in revenue from commercial and industrial segment in FYE 31 March 2016. The contract value for commercial and industrial clients are generally larger with longer credit term than residential clients. This led to an increase in our trade receivables FYE 31 March 2016.

During FYE 31 March 2015, we received advance payment of approximately RM3.5 million from a client to undertake EPCC services for his solar PV plant. This led to an increase in our other payables as at 31 March 2015. The EPCC services were subsequently carried out in FYE 31 March 2016.

The reasons above have led to a net cash outflow from our operating activities.

Net cash for investing activities

In FYE 31 March 2016, the net cash outflow from investing activities amounted to RM2.4 million, mainly attributable to the purchase of a property located in Penang of RM1.6 million, renovation cost of RM0.3 million for our offices in Alor Setar, Penang and Petaling Jaya and purchase of motor vehicles of RM0.4 million. The purchase of the property, plant and equipment was to support our business operations.

Net cash for financing activities

In FYE 31 March 2016, the net cash inflow from financing activities amounted to RM7.9 million, mainly attributable to net drawdown of term loans amounting to RM7.0 million from Alliance Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad, proceeds from the increase of equity of RM0.6 million and net advances from directors of RM0.3 million. The term loans were used to:

- (i) partly finance the construction of our solar PV farm at Pokok Sena, Kedah;
- (ii) partly finance the purchase of our Penang property which is used as our Penang office; and
- (iii) finance the life insurance premium for our Directors, Lim Chin Siu and Tan Chyi Boon.

12. FINANCIAL INFORMATION (Cont'd)**FYE 31 March 2017****Net cash from operating activities**

In FYE 31 March 2017, our net cash generated from operating activities amounted to RM7.8 million. Our collection of RM39.4 million was offset by payments of RM31.6 million. Such payments were mainly for:

- (i) trade suppliers and subcontractors of RM27.0 million;
- (ii) staff and directors' remuneration of RM3.3 million;
- (iii) interest of RM0.6 million; and
- (iv) income tax of RM0.7 million.

Net cash for investing activities

In FYE 31 March 2017, the net cash outflow from investing activities amounted to RM2.5 million, mainly attributable to renovation cost of RM0.6 million for our offices in Alor Setar and Penang, purchases of furniture and fittings and motor vehicles of RM0.2 million and RM0.6 million respectively. We also purchased an investment property of RM0.9 million (via our previous subsidiary, Atlantic Ecocity Sdn Bhd) for investment purposes during the financial year.

Net cash for financing activities

In FYE 31 March 2017, the net cash outflow from financing activities amounted to RM1.7 million. This was mainly due to net repayment of term loans amounting to Alliance Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad of RM0.9 million, repayment of advances from directors of RM0.4 million, dividend payout of RM0.3 million and repayment of finance lease liability of RM0.2 million.

Net cash used in financing activities was partially offset by the net drawdown of bankers acceptance of RM0.2 million.

FYE 31 March 2018**Net cash from operating activities**

In FYE 31 March 2018, our net cash generated from operating activities amounted to RM2.6 million. Our collection of RM39.1 million was offset by payments of RM36.5 million. Such payments were mainly for:

- (i) trade suppliers and subcontractors of RM28.6 million;
- (ii) staff and directors' remuneration of RM5.2 million;
- (iii) interest paid of RM0.6 million; and
- (iv) income tax of RM2.1 million.

Our operating cash flows reduced to RM2.6 million mainly due to several projects where we have incurred costs to complete the work but such progress have yet to be certified by our clients or their engineers/architects and as such, we have yet to collect our progress billings from clients as at the financial year end. These outstanding billings include projects from

12. FINANCIAL INFORMATION (Cont'd)

Pensolar Sdn Bhd (RM1.7 million), TH Mestika Sdn Bhd (RM1.7 million) and Dialog Murni Sdn Bhd (RM2.1 million).

Net cash for investing activities

In FYE 31 March 2018, the net cash outflow from investing activities amounted to RM2.5 million which was mainly attributable to the acquisition of machinery of RM1.5 million, back-up inverters of RM0.4 million and motor vehicles of RM0.6 million which are being used for our business operations.

Net cash for financing activities

In FYE 31 March 2018, the net cash outflow from financing activities amounted to RM1.5 million. This was mainly due to the repayment of term loan amounting to Alliance Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad of RM1.0 million, repayment of finance lease of RM0.3 million and net repayment of advances from directors of RM0.5 million which was offset by drawdown of bankers acceptance of RM0.3 million.

FYE 31 March 2019**Net cash from operating activities**

In FYE 31 March 2019, our net cash generated from operating activities amounted to RM10.2 million. Our collection of RM90.3 million was offset by payments of RM80.1 million. Such payments were mainly for:

- (i) trade suppliers and subcontractors of RM67.0 million;
- (ii) staff and directors' remuneration of RM10.3 million;
- (iii) interest paid of RM1.0 million; and
- (iv) income tax of RM1.8 million.

Our operating cash flow increased to RM10.2 million mainly due to higher operating profit recognised during the financial year as well as better working capital management strategy to match the timing of payments to our trade creditors with the collections from our clients.

Net cash for investing activities

In FYE 31 March 2019, the net cash outflow from investing activities amounted to RM2.0 million was mainly attributable to the purchase of machinery of RM0.7 million, containers of RM0.3 million and motor vehicles of RM0.9 million. In addition, we made additional payment for the enterprise resource planning software amounting to RM0.4 million. These purchases of machinery and the software are being used for our business operations.

Net cash for financing activities

In FYE 31 March 2019, the net cash inflow from financing activities amounted to RM2.5 million, mainly attributable to advances from directors of RM7.2 million and net drawdown of local bill purchase from OCBC Bank (Malaysia) Berhad of RM6.6 million.

12. FINANCIAL INFORMATION (Cont'd)

Net cash from financing activities was partially offset by an increase in fixed deposits pledged to OCBC Bank (Malaysia) Berhad, United Overseas Bank (Malaysia) Bhd, Public Bank Berhad and Ambank Islamic Berhad of RM7.6 million, placement of sinking fund for banking facilities of RM1.3 million to OCBC Bank (Malaysia) Berhad, repayment of term loans to Alliance Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad amounting to RM1.0 million, repayment of bankers acceptance to Alliance Bank Malaysia Berhad of RM0.7 million and repayment of finance lease of RM0.6 million.

12.3 LIQUIDITY AND CAPITAL RESOURCES**12.3.1 Working capital**

We typically finance our operations with cash generated from operations and credit extended by our vendors, subcontractors and/or financial institutions. Our facilities from financial institutions comprise term loans, overdrafts, bank guarantees, bankers acceptance, invoice financing, local bill purchase as well as finance lease liabilities. In FYE 31 March 2019, our directors have also provided advances of RM7.2 million to our Group, which were subsequently capitalised into RPS on 13 February 2019.

Most of the advances were pledged as securities to financial institutions and used to projects. We have utilised RM6.5 million (90.3% of the advances) as follows:

Utilisation	RM'000
Pledged as fixed deposits to OCBC Bank (Malaysia) Berhad for project financing facilities for our LSSPV project	3,000
Pledged as fixed deposits to United Overseas Bank (Malaysia) Berhad for substitute bond in favour of Energy Commission for our floating LSSPV project ⁽¹⁾	2,500
Pledged as fixed deposits to Public Bank Berhad for issuance of tender bond to BGMC Bras Power Sdn Bhd for a proposed LSSPV project ⁽²⁾	500
Tender deposit to Idiwan Solar Sdn Bhd for a proposed LSSPV project ⁽³⁾	500
	6,500

Note:

- (1) We have successfully discharged the substitute bond on 23 April 2019
- (2) We were not successful in the tender and we have subsequently discharged the fixed deposits from Public Bank Berhad
- (3) We were not successful in the tender and Idiwan Solar Sdn Bhd has subsequently returned tender deposit to us

The balance RM0.7 million (9.7% of the advances) was set aside to tender for future LSSPV projects or to be used as performance deposit for certain commercial and industrial projects.

As shown in the table above, RM3.0 million (41.7% of the advances) were used as securities to secure project financing for our LSSPV projects while RM3.5 million (48.6% of the advances) were used for tender deposits/bond for our LSSPV projects. The opportunity to tender for the LSSPV projects arose and our directors granted the advances so that we will not miss out on the opportunities.

12. FINANCIAL INFORMATION (Cont'd)

We are actively tendering for future projects which period typically last not more than 24 months. Generally, the tender deposits are placed for up to 4 months, however we will not incur any additional costs until the commencement of project. Upon the tender award and subsequent commencement of the project, we will bill and collect our fees based on the stage of completion as set out in our EPCC contracts, which will generate sufficient cash flows for our operations. Due to the nature of our EPCC business, our billings and collections are dependent on the progress of our projects and could be lumpy at certain times. As such, our operating cash flows will fluctuate according to the progress of our projects. Any unexpected delays in the progress of our projects will negatively affect our operating cash flows. Nonetheless, we have generated positive operating cash flows for FYE 31 March 2017, 2018 and 2019. Although our operating cash flows for FYE 31 March 2016 was negative, we have obtained sufficient banking facilities which was available for drawdown for our working capital requirements, if required.

As at 31 March 2019, we have:

- (i) Cash and bank balances and fixed deposits with financial institutions of RM22.4 million; and
- (ii) RM50.6 million in total banking facilities (excluding finance lease financing), of which RM13.5 million have been utilised. There is still RM37.1 million which have not been utilised and is available for drawdown, if required.

After taking into consideration:

- (i) our existing cash and bank balances;
- (ii) unutilised banking facilities;
- (iii) cash flow generated from operations;
- (iv) proceeds from the Public Issue; and
- (v) pro forma gearing ratio of 0.2 times based on our pro forma consolidated statements of financial position as at 31 March 2019 after Public Issue and utilisation of proceeds,

our Board is confident that we have sufficient working capital for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)**12.4 BORROWINGS**

We utilise credit facilities such as overdrafts, bankers acceptance, invoice financing, local bill purchase and term loans to partially finance our working capital. We also utilise term loans and hire purchase to finance the purchase of our property, plant and equipment. All these facilities are interest bearing and denominated in RM. In addition, Atlantic Blue had issued RPS which is non-interest bearing in nature, please refer to Section 6.3.1.

Our total outstanding bank borrowings and finance lease as at 31 March 2019 stood at RM15.2 million, details of which are set out below.

Purpose	Security	Tenure	Interest rate	As at 31 March 2019
			%	RM'000
Short term (due within a year)				
Trade facilities (consists of bankers acceptance, local bill purchase and invoice financing)	(a) Joint and several guarantee by Lim Chin Siu, Tan Chyi Boon, Chong Chun Siong, Chiau Haw Choon, Datuk Seri Chiau Beng Teik and AB Holdings ⁽³⁾ (b) Charge over certain fixed deposits of Atlantic Blue (c) Charge over designated collections account and sinking fund account (d) Fixed charge over specific invoice of trade receivables (e) Life insurance policies for Lim Chin Siu and Tan Chyi Boon ⁽³⁾	Ranging from 90 to 120 days	5.8 - 7.5	6,584
Term loans	(a) Charge over certain properties of Atlantic Blue (b) Joint and several guarantee by Lim Chin Siu, Tan Chyi Boon and Tan Paw Boon ⁽³⁾ (c) Debenture over certain assets of Atlantic Blue (d) Charge over certain fixed deposits of Atlantic Blue (e) Credit guarantee by Credit Guarantee Corporation Malaysia Berhad (f) 3 rd party charge over property of Tan Chyi Boon and his parents ⁽³⁾ (g) Life insurance policies for Lim Chin Siu and Tan Chyi Boon ⁽³⁾	Ranging from 60 to 180 months from drawdown date	4.7 - 8.4	1,109

12. FINANCIAL INFORMATION (Cont'd)

Purpose	Security	Tenure	Interest rate %	As at 31 March 2019	
					RM'000
Finance lease of motor vehicles	Motor vehicles under the finance lease	Ranging from 36 to 60 months from drawdown date	2.4 – 4.0		611
Long term (due after 1 year)					8,304
Term loans	Purchase of properties and financing of Pokok Sena solar PV plant	(a) Charge over certain properties of Atlantic Blue (b) Joint and several guarantee by Lim Chin Siu, Tan Chyi Boon and Tan Paw Boon ⁽³⁾ (c) Debenture over certain assets of Atlantic Blue (d) Charge over certain fixed deposits of Atlantic Blue (e) Credit guarantee by Credit Guarantee Corporation Malaysia Berhad (f) 3 rd party charge over property of Tan Chyi Boon and his parents ⁽³⁾ (g) Life insurance policies for Lim Chin Siu and Tan Chyi Boon ⁽³⁾	4.7 - 8.4		5,798
Finance lease of motor vehicles	Motor vehicles under the finance lease	Ranging from 36 to 60 months from drawdown date	2.4 – 4.0		1,096
					6,894
					15,198

GearingAfter Acquisition but before our Public Issue ⁽¹⁾After Public Issue and utilisation of proceeds ⁽²⁾0.6 times
0.2 times

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Computed based on our pro forma total equity of RM31.7 million in the pro forma consolidated statements of financial position after Acquisition but before Public Issue and utilisation of proceeds
- (2) Computed based on our pro forma total equity of RM63.8 million in the pro forma consolidated statements of financial position after Acquisition, Public Issue and utilisation of proceeds which includes repayment of bank borrowings of RM5.0 million
- (3) To be discharged upon Listing. Please refer to Section 10.1.2 (ii) for further details

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout FYE 31 March 2016 to 2019 and up to LPD.

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

Over FYE 31 March 2016 to 2019 and up to LPD, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

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12. FINANCIAL INFORMATION (Cont'd)**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used for the purchase of property, plant and machinery and conduct of our business in the solar PV industry. As at 31 March 2019, save for our finance lease liabilities and trade facilities which are based on fixed rates, all our other credit facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, we do not have any material commitments.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

As at LPD, save as disclosed below, our Directors confirm that there are no contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position:

	RM'000
Performance guarantee to Pembinaan Yuen Seng Sdn Bhd in relation to design, supply, installation, testing, commissioning and maintenance of electrical and telephone services ⁽¹⁾	418
	418

Note:

- ⁽¹⁾ Being one-off project management for Pembinaan Yuen Seng Sdn Bhd with a contract value of RM8.3 million. We will appoint subcontractors to fully undertake the works

There is no other arrangement/substitute bond given which is not a norm in the industry. Further, our Directors confirm that all the above guarantees/bonds are given in the ordinary course of our business.

We will not provide any bond or guarantee on behalf of our clients which is in compliance with the Listing Requirements.

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12. FINANCIAL INFORMATION (Cont'd)**12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for FYE 31 March 2016 to 2019 are as follows:

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
Trade receivables turnover				
• based on revenue (days) ⁽¹⁾	66	75	83	71
• based on progress billing (days) ⁽²⁾	53	64	54	31
Trade payables turnover (days) ⁽³⁾	29	22	31	54
Inventory turnover (days) ⁽⁴⁾	18	20	19	7
Current ratio (times) ⁽⁵⁾	1.4	2.0	2.6	1.6
Gearing ratio (times) ⁽⁶⁾	1.9	0.8	0.5	0.6

Notes:

- (1) Computed based on average trade receivables (excluding retention sum) and adjusted to include contract assets as at year end over revenue for the year multiplied by 365 days for each financial year. Contract assets are included as part of trade receivables as we have recognised revenue associated with it
- (2) Computed based on average trade receivables (excluding retention sum) as at year end over progress billing issued during the financial year multiplied by 365 days for each financial year
- (3) Computed based on average trade payables (excluding retention sum) as at year end over cost of sales for the year multiplied by 365 days for each financial year
- (4) Computed based on average inventory as at year end over cost of sales for the year multiplied by 365 days for each financial year
- (5) Computed based on current assets over current liabilities as at each year end
- (6) Computed based on total borrowings (inclusive of RPS) over total equity attributable to owners of the Company as at each year end

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12. FINANCIAL INFORMATION (Cont'd)**12.8.1 Trade receivables turnover**

We generally recognise our EPCC services' revenue ahead of progress billings as our revenue recognition is on percentage of completion calculated based on cost incurred whereas our progress billings to clients are only issued after clients'/engineers'/architects' certification of work done. For residential and smaller scale commercial and industrial projects, we are however, able to issue progress billings ahead of work done/revenue recognition.

Based on the above, our trade receivables turnover is calculated with reference to revenue as well as progress billings:

- (i) The trade receivables turnover days calculated based on revenue measure the average time taken for us to collect payment from our clients after revenue recognition; and
- (ii) The trade receivables turnover days based on progress billings measure the average time taken for us to collect payment from our clients after progress billing as our credit period commences from the date of our progress billing.

The increase in the trade receivables turnover days calculated based on revenue from 66 days in FYE 31 March 2016 to 71 days in FYE 31 March 2019 was mainly due to larger and more LSSPV projects undertaken which required longer certification time by clients/engineers/architects prior to billing and longer loan disbursement time by the financial institutions, collectively this lengthen the period for us to collect our payment after revenue recognition.

The following analysis of our trade receivables and commentaries on trade receivable collection are analysed from trade receivables turnover days calculated based on progress billing as our credit period commences from the date of our progress billing.

The ageing analysis of our trade receivables as at 31 March 2019 is as follows:

	Trade receivables as at 31 March 2019		Amount collected from 1 April 2019 up to LPD	Balance of trade receivables which have yet to be collected as at LPD
	RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	RM'000
	(a)	(a)	(b)	(c) = (a)-(b)
Within credit period	7,662	42.6	4,113	3,549
Past due but not impaired:				
• 1 to 30 days	1,940	10.8	1,574	366
• 31 to 60 days	1,631	9.1	1,339	292
• More than 60 days	2,756	15.3	568	2,188
	6,327	35.2	3,481	2,846
Retention sum	3,998	22.2	-	3,998
Total	17,987	100.0	7,594	10,393

12. FINANCIAL INFORMATION (Cont'd)

The normal credit period granted by our Group to our clients is 30 days from the date of invoice (progress billing).

Our trade receivables turnover days based on progress billing issued for FYE 31 March 2016 to FYE 31 March 2019 were between 31 to 64 days. Our overall turnover days were longer than the normal credit period granted as collection from clients depends on (i) the loan disbursement by their financial institution; and (ii) payment from the project owner to the EPCC contractor when we are the EPCC sub contractor for certain projects. The reason above is mainly applicable to both commercial and industrial and LSSPV projects.

Nonetheless, we opt not to extend our credit period in our contracts to reflect the actual practice as clients may take even longer time to pay if longer payment terms are granted.

While our overall trade receivables turnover days may exceed the normal credit period granted to our clients, our Group has not encountered any major disputes with our debtors.

The increase in trade receivable turnover days to 64 days in FYE 31 March 2017 was mainly due to delay in the loan release from one of our commercial and industrial clients, PSJ Transport Sdn Bhd. The amount due from PSJ Transport Sdn Bhd is RM2.5 million (43.1% of our total trade receivables as at 31 March 2017).

As we ventured into EPCC projects with larger contract value, our management has taken more active measure to monitor the collection from our clients to ensure our collections are within a reasonable time frame. As such, our trade receivable turnover days has subsequently reduced to 54 days in FYE 31 March 2018 and 31 days in FYE 31 March 2019.

The trade receivables balance as at 31 March 2019 mainly consists of balances from LSSPV projects such as ET Energy (Malaysia) Sdn Bhd (RM3.4 million), TH Mestika Sdn Bhd (RM1.6 million), CEEC Tianjin Electric Power (M) Sdn Bhd (RM1.6 million), Asia Meranti Group (RM1.2 million) and Pensolar Sdn Bhd (RM1.1 million) and balances from commercial and industrial clients such as Supreme Rice Mill Sdn Bhd (RM1.1 million), Tong Heer Fasteners Co. Sdn Bhd (RM1.5 million) and Ban Chuan Seng Rice & Oil Mills Sdn Bhd (RM1.3 million).

With respect to overdue debts, we have collected RM3.5 million (or 55.0% of the overdue outstanding amount) as at LPD. The outstanding trade receivables after the amount collected as at LPD are mainly from clients whose projects are on-going. As such, our Board was of view that the overdue trade receivables as at 31 March 2019 are recoverable. Our management closely monitors the recoverability of our overdue trade receivables on a regular basis, and, when appropriate, provides for impairment of these trade receivables.

Our total net trade receivables past due as at 31 March 2019 is RM6.3 million, representing 35.2% of our total net trade receivables. Subsequent to 31 March 2019 and up to LPD, we collected RM7.6 million, representing 42.2% of the net trade receivables as at 31 March 2019, of which RM3.5 million were relating to trade receivable past due as at 31 March 2019.

The balance trade receivables that are more than 60 days as at LPD of RM2.2 million is mainly due from TH Mestika Sdn Bhd where it required longer internal processing time to verify the final claim before making payment.

12. FINANCIAL INFORMATION (Cont'd)

Generally, we will review the impairment of overdue trade receivables that are more than 180 days. We will also assess the adequacy of impairment loss allowance on overall trade receivables balance at every reporting period based on historical collection experience. Our net impairment loss on trade receivables for the financial years under review are as follows:

	Audited			
	FYE 31	FYE 31	FYE 31	FYE 31
	March 2016	March 2017	March	March
	RM'000	RM'000	2018	2019
Impairment loss on trade receivables	10	171	132	612

Comparison between FYE 31 March 2016 and FYE 31 March 2017

The entire impairment loss on trade receivables in FYE 31 March 2016 consists of general provision on overall trade receivables.

Impairment loss on trade receivables increased by RM0.2 million in FYE 31 March 2017 mainly arising from 1 residential client and 2 commercial and industrial clients. Subsequently, these amounts were written off.

General provision on overall trade receivables for FYE 31 March 2017 was approximately RM0.02 million.

Comparison between FYE 31 March 2017 and FYE 31 March 2018

Impairment loss on trade receivables in FYE 31 March 2018 consists of 3 residential clients and 1 commercial and industrial client.

General provision on overall trade receivables for FYE 31 March 2018 are approximately RM0.02 million.

Comparison between FYE 31 March 2018 and FYE 31 March 2019

Impairment loss on trade receivables increased by RM0.5 million in FYE 31 March 2019 mainly arising from 4 commercial and industrial clients, which have been overdue for more than 210 days.

12.8.2 Trade payables turnover

The ageing analysis of our trade payables as at 31 March 2019 is as follows:

12. FINANCIAL INFORMATION (Cont'd)

	Trade payables as at 31 March 2019		Amount paid from 1 April 2019 up to LPD	Balance of trade payables which have yet to be paid as at LPD
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000	RM'000
	(a)	(a)	(b)	(c) = (a)-(b)
Within credit period	12,047	46.4	9,958	2,089
Exceeding credit period:				
• 1 to 30 days	2,539	9.8	2,288	251
• 31 to 60 days	6,010	23.1	3,906	2,104
• More than 60 days	3,175	12.2	2,334	841
	11,724	45.1	8,528	3,196
Retention sum	2,206	8.5	-	2,206
Total	25,977	100.0	18,486	7,491

Trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition. The normal credit terms granted by our suppliers for commercial and industrial segments ranges from 30 to 60 days while LSSPV segments ranges from 30 to 90 days from the date of invoice.

Our trade payables turnover days were between 22 to 54 days for the financial years under review, which were within the credit period given by our suppliers. The trade payables turnover days were shorter than credit term granted to us as our major PV modules suppliers for both commercial and industrial and LSSPV segments, such as Jinko Solar Co. Ltd and Hanwha Q Cells (Qidong) Co., Ltd required upfront deposit payment of 10% before delivering of goods and to settle the outstanding amount upon delivery of goods. We were also required to make advance payments to certain of our subcontractors for LSSPV segment prior to commencement of work. This has resulted in our overall trade payable turnover days to be lower than the normal credit terms granted by our suppliers.

Our trade payables turnover days has increased to 31 days for FYE 31 March 2018 and 54 days for FYE 31 March 2019 as we ventured into more and larger LSSPV projects. Such LSSPV projects generally have larger contract value, have longer contract period and require more certification works than our residential, commercial and industrial projects. Hence, we required higher trade facilities from the financial institutions.

Our Group has yet to make payment for trade payables exceeding credit period of RM11.7 million as at 31 March 2019 mainly due to our working capital management strategy to match the timing of payments to our trade creditors with the collections from our clients. Utilisation of credit term granted by suppliers helps to reduce the utilisation of our trade facilities and finance costs. Prior to our venture into LSSPV projects, our strategy was to minimise the utilisation of trade facilities by financing through our internally generated funds. Moving forward, we will negotiate for longer and better credit term from suppliers for commercial and industrial and LSSPV segments (to reduce the quantum or requirement for deposits and advance payment) to match against our collection term. Any shortfall of working capital will be finance via trade facilities.

The outstanding trade payables that are more than 60 days after amount paid up to LPD of RM0.8 million mainly consist of amount due to Falcon Piling (Malaysia) Sdn Bhd, Promount Engineering Sdn Bhd and HNM Builders, our subcontractor for various LSSPV projects, as we require more time to check and verify the progress claims received and work done by the subcontractors before we process their payments.

12. FINANCIAL INFORMATION (Cont'd)

As at LPD, we have paid RM18.5 million, representing 71.2% of our total past due trade payables as at 31 March 2019. There are also no disputes in respect of trade payables and no legal action has been initiated by our suppliers to demand for payment.

12.8.3 Inventories

Our Group's inventories mainly consist of solar PV materials to be used for installation as well as replacement spare parts. Our inventories are kept to a minimum as high value inventories such as solar PV modules are purchased based on expected orders from our clients. Generally, our inventories account for not more than 10% of our total current assets. Our inventory turnover days were within 7 to 20 days for FYE 31 March 2016 to 2019.

The ageing analysis of our inventories as at 31 March 2019 is as follows:

	Audited
	RM'000
<u>Purchased materials</u>	
Less than 12 months	1,406
More than 12 months	624
	<u>2,030</u>

We assess whether inventories should be impaired by identifying damaged, obsolete and slow moving inventories during periodic stock count. Damaged inventories will be written off while obsolete and slow moving inventories will be written down to their net realisable value.

Purchased materials which are more than 12 months mainly consists of electrical components, inverters and mounting structure which are still usable for our existing and future projects in any segment. None of the purchased materials are for any specific project. As such, our Board was of the view that the purchased materials are still compatible for our on-going projects, have a low risk of becoming obsolete and no impairment on inventories was necessary for FYE 31 March 2019.

12.8.4 Current ratio

Our current ratio throughout the financial years under review is as follows:

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Current assets	12,149	15,484	21,385	69,155
Current liabilities	8,831	7,928	8,385	44,251
Net current assets	<u>3,318</u>	<u>7,556</u>	<u>13,000</u>	<u>24,904</u>
Current ratio (times)	<u>1.4</u>	<u>2.0</u>	<u>2.6</u>	<u>1.6</u>

Our current ratios improved throughout the financial years under review, ranging from 1.4 to 2.6 times. This indicates that our Group is capable of meeting our short-term obligations as our current assets such as inventory and trade receivables, which can be readily converted to cash, together with our cash in the bank are enough to meet immediate current liabilities.

12. FINANCIAL INFORMATION (Cont'd)

Our current ratio increased from 1.4 times as at 31 March 2016 to 2.0 times as at 31 March 2017 and further to 2.6 times as at 31 March 2018 mainly due to the increase in our current assets arising from our business growth. Our current ratio decreased from 2.6 times as at 31 March 2018 to 1.6 times as at 31 March 2019 mainly due to increase in trade payables of RM22.6 million, contract liabilities of RM7.2 million and bank borrowings of RM5.2 million as at 31 March 2019.

12.8.5 Gearing ratio

Our gearing ratio throughout the financial years under review is as follows:

	Audited			
	31 March 2016	31 March 2017	31 March 2018	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	11,326	10,380	10,805	19,753
Total equity	6,077	12,331	20,555	31,674
Gearing ratio (times)	1.9	0.8	0.5	0.6

Our gearing ratio improved from 1.9 times as at 31 March 2016 to 0.6 times as at 31 March 2019 mainly due to the increase in total equity arising from profits recorded over the financial years under review.

In addition, the improvement in gearing was also due to the gradual reduction in outstanding term loans resulting from our scheduled monthly repayment throughout the financial years under review. However, this was partially offset by the utilisation of new trade facilities of RM6.6 million as at 31 March 2019.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

The 11MP highlights the need to explore new renewable energy sources to diversify the generation mix in a more sustainable manner. A more significant impact of the 11MP to our Group is the introduction of NEM mechanism to replace the FiT mechanism; and LSSPV to encourage private sector to construct grid-connected large-scale solar PV plants with capacities of between 1MW to 50MW. The Malaysian Government has in 2019 announced an increase in maximum capacity to 100MW for LSSPV plants in Peninsular Malaysia.

The introduction of LSSPV has augured well for our Group resulting in our revenue from LSSPV segment to increase from RM0.1 million in FYE 31 March 2017 to RM70.6 million in FYE 31 March 2019.

Save for the above, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the financial years under review. Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12. FINANCIAL INFORMATION (Cont'd)**12.10 IMPACT OF INFLATION**

Majority of our projects take between 3 to 12 months to complete. Accordingly, our project costs at the time of submission of tender bids or signing of contracts may not reflect the prices that we will eventually incur during the implementation of our projects. All of our contracts are fixed-price contracts, under which we commit to complete the project within the contract value.

During the financial years under review, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS**12.11.1 Impact of foreign exchange rates**

A major part of our purchases of solar PV modules and inverters are quoted to us in foreign currencies such as USD. As our estimation of project cost at the time of bidding / negotiating for projects is based on the vendors' quotation, any adverse fluctuations in foreign exchange rates during the period between quotation and purchasing may cause our project cost to vary from that estimated. This may have an adverse impact on our project margin if we are unable to revise our tender / bid proposal.

However, we are not exposed to fluctuations in foreign exchange rates during the period between purchasing and payment as our transacting currency for our purchases is mainly in RM. At the moment, our Group does not enter into forward exchange contracts to hedge foreign currency risks.

For FYE 31 March 2019, approximately 92.2% of the solar PV modules were purchased from overseas while the remaining was sourced from local.

12.11.2 Impact of interest rates

	Audited			
	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018	FYE 31 March 2019
Interest coverage ratio (times) ⁽¹⁾	11.9	13.5	15.9	12.9

Note:

⁽¹⁾ Computed based on EBIT over finance costs

Our interest coverage ratio was between 11.9 to 15.9 times for FYE 31 March 2016 to 2019, indicating that our Group has been able to generate sufficient profits from operations to meet our interest serving obligations.

Our Group's financial results for FYE 31 March 2016 to 2019 were not materially affected by fluctuations in interest rates.

12. FINANCIAL INFORMATION (Cont'd)**12.11.3 Impact of commodity prices**

Our Group's financial results for FYE 31 March 2016 to 2019 were not directly affected by fluctuations in commodity prices.

12.12 ORDER BOOK

Details of our unbilled order book are as follows:

Project details	As at 31 March 2019	As at LPD
	RM'000	RM'000
EPCC services:		
• Residential, commercial and industrial projects	32,887	100,817
• LSSPV projects	144,237	83,103
	177,124	183,920
Other services	⁽¹⁾ 18,148	16,184
	195,272	200,104

Note:

- ⁽¹⁾ Consists of contract awarded by our related party, Metex Modular Sdn Bhd (a subsidiary of Chin Hin) with unbilled amount of RM9.8 million and Pembinaan Yuen Seng Sdn Bhd (non-related party) amounting to RM8.3 million.

The above unbilled order book relates to contract value which are on-going less revenue recognised up to 31 March 2019 or LPD, as the case may be. This unbilled order book will be recognised progressively up to FYE 31 March 2021 based on the expected progress of each project.

Save for unbilled order book of RM7.9 million from Metex Modular Sdn Bhd as at LPD, none of our order book is awarded by related party. Our unbilled order book from third parties of RM192.2 million as at LPD represents 1.7 times of our revenue of RM112.2 million for FYE 31 March 2019. Majority of our projects take between 3 to 12 months to complete. Barring any unforeseen circumstances such as extension by clients, we expect majority of our order book as at LPD to be recognised as revenue by March 2020 and the remaining to be fully recognised as revenue by March 2021.

The projects secured which have yet to commence work are as follows:

Project details	As at 31 March 2019		As at LPD	
	RM'000	No. of projects	RM'000	No. of projects
EPCC services:				
• Residential, commercial and industrial projects	20,425	13	47,789	36
• Other services	8,350	1	-	-
	28,775	14	47,789	36

12. FINANCIAL INFORMATION (Cont'd)

We expect the above projects will be mostly complete in FYE 31 March 2020 and the remaining to be completed in FYE 31 March 2021. In the event of any delays in the actual progress of the projects due to variation orders or any unforeseen circumstances such as shortage of materials or labour in the market, the recognition of the unbilled order book may extend beyond FYE 31 March 2021.

12.13 DIRECTORS' DECLARATION ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (i) Our Group's revenue will remain sustainable with an upward growth trend, in line with the growth outlook of the solar power industry and higher solar PV quota offered by SEDA as well as the renewable energy market as set out in the IMR Report in Section 8;
- (ii) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies and plans as stated in Section 7.15; and
- (iii) Our capital resources will strengthen, considering the amount of RM5.0 million and RM19.2 million to be set aside from the IPO proceeds for purposes of repayment of our bank borrowings and our general working capital requirements, as well as internally generated funds. We may consider debt funding for our capital expansion should the need arises.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and profitability or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.14 TREND INFORMATION

Based on our track record for FYE 31 March 2016 to 2019, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

- (i) More than 94% of our revenue was derived from the provision of EPCC services. We expect this segment to continue contributing significantly to our revenue in the future;
- (ii) The main components of our cost of sales are purchases of solar PV materials and subcontractor cost. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the availability and price fluctuation of our purchases and subcontractors; and
- (iii) We achieved a GP margin of 29.9%, 33.9%, 37.0% and 20.0% for FYE 31 March 2016, FYE 31 March 2017, FYE 31 March 2018 and FYE 31 March 2019 respectively. Moving forward, our GP margin would depend on the level of competition in the solar EPCC industry and our continued ability to manage our costs efficiently and price our products competitively.

12. FINANCIAL INFORMATION (Cont'd)

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 12.2, 12.9, 12.10 and 12.11;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2, 12.9, 12.10 and 12.11;
- (iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group revenue save for those that had been discussed in Sections 12.2, 12.9, 12.10 and 12.11; and
- (v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 12.2, 12.9, 12.10 and 12.11.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the solar PV industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.14 and our Group's intention to implement the business strategies as set out in Section 7.15.

12.15 DIVIDEND POLICY

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, and consent from the financiers of our Group as set out in the respective facility agreements, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Our Group presently does not have any formal dividend policy, the declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

12. FINANCIAL INFORMATION (Cont'd)**12.16 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (i) Based on the unaudited financial information as at 31 July 2019; and
- (ii) After adjusting for the effects of Public Issue and utilisation of proceeds.

	Solarvest	I	II
	As at 31 July 2019	After Public Issue	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Shareholders' equity	38,309	72,899	70,441
Total capitalisation	38,309	72,899	70,441
Indebtedness⁽¹⁾			
Trade facilities	5,392	5,392	3,172
Term loans	6,545	6,545	3,765
Finance lease liabilities	1,681	1,681	1,681
RPS	4,705	4,705	4,705
Contingent liabilities ⁽²⁾	418	418	418
Total indebtedness	18,741	18,741	13,741
Total capitalisation and indebtedness	57,050	91,640	84,182
Gearing ratio ⁽³⁾	0.5	0.3	0.2

Notes:

- (1) Save for RPS, all of our indebtedness are secured
- (2) Contingent liabilities consist of performance guarantee to a client
- (3) Calculated based on total indebtedness divided by total capitalisation

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13. ACCOUNTANTS' REPORT



ECOVIS MALAYSIA PLT (FKA ECOVIS AHL PLT)
(LLP0003185-LCA) & (AF 001825)
Chartered Accountants. Kuala Lumpur, Malaysia

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Phone : +603 7981 1799
Fax No: +603 7980 4796

The Boards of Directors
Solarvest Holdings Berhad
D-36-06, Dataran 3 Dua
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

3 September 2019

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE HISTORICAL FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF SOLARVEST HOLDINGS BERHAD

Opinion

We have audited the accompanying historical financial information of **Solarvest Holdings Berhad** ("the Company") and its subsidiaries ("collectively, the Group"), which comprises the combined statements of financial position as at 31 March 2016, 2017, 2018 and 2019 of the Group, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended ("FYE") 31 March 2016, 2017, 2018 and 2019, and a summary of significant accounting policies and other explanatory information as set out on pages 6 to 133.

The historical financial information had been prepared for inclusion in the prospectus of the Company in connection with the initial public offering and listing of and quotation for the entire enlarged issued and paid-up ordinary shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Prospectus"). This report is required by the *Prospectus Guidelines - Equity* issued by the Securities Commission Malaysia and is given solely for the purpose of complying with the *Prospectus Guidelines - Equity* and for no other purpose.

In our opinion, the historical financial information gives a true and fair view of the financial position of the Group as at 31 March 2016, 2017, 2018 and 2019, and of their financial performance and their cash flows for the FYE 31 March 2016, 2017, 2018 and 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

ECOVIS MALAYSIA PLT (FKA ECOVIS AHL PLT) (LLP0003185-LCA) & (AF 001825) Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia **Phone:** +60(3) 7981 1799 **Fax:** +60(3) 7980 4796 **E-Mail:** kuala-lumpur@ecovis.com.my

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13. ACCOUNTANTS' REPORT (Cont'd)*Independence and Other Ethical Responsibilities*

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

Responsibilities of the Directors for the Historical Financial Information

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

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

Reporting Accountants' Responsibilities for the Audit of the Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the historical financial information of the Group as a whole is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 basis of this historical financial information.

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

- (i) Identify and assess the risks of material misstatement of the historical financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) 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 of the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the historical financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Responsibilities for the Audit of the Historical Financial Information (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: (cont'd)

- (v) Evaluate the overall presentation, structure and content of the historical financial information of the Group, including the disclosures, and whether the historical financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the historical financial information 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.

Other Matters

The significant events subsequent to the end of the financial year ended 31 March 2019 have been disclosed in Note 43 to this historical financial information.

This report is made solely to the Directors of the Company for inclusion in the Prospectus and should not be relied upon for any other purposes without our prior written consent. We do not assume responsibility to any other person for the content of this report.

A stylized, handwritten signature in black ink, appearing to read "Ecovis".

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

Kuala Lumpur
3 September 2019

A large, stylized handwritten signature in black ink, consisting of a large loop followed by a horizontal stroke.

CHUA KAH CHUN
02696/09/2019 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Abbreviations**

Unless the context otherwise requires, the following definitions shall apply throughout this report:

Atlantic Blue	Atlantic Blue Sdn. Bhd. (686139-X)
Atlantic Blue Group	Atlantic Blue Sdn. Bhd. and its subsidiaries, collectively
Atlantic Blue Vendors	Chin Hin Group Berhad (1097507-W) and Atlantic Blue Holdings Sdn. Bhd. (1240450-P), collectively
ACE Market	ACE Market of Bursa Securities
Acquisition	Acquisition by Solarvest of the entire share capital of Atlantic Blue from the Atlantic Blue Vendors for a purchase consideration of RM26,261,600, wholly satisfied by the issuance of 291,795,555 new Shares at an issue price of RM0.09 per share, which was completed on 15 July 2019
Act	Companies Act, 2016
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
Director(s)	An executive director or a non-executive director of the Company and Atlantic Blue Group within the meaning of Section 2 of the Act
EC	Energy Commission or Suruhanjaya Tenaga
ECL	Expected credit loss
EPCC	Engineering, procurement, construction and commissioning
EPF	Employees Provident Fund
EPS	Earnings per share
EUR	Euro Dollar
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FYE	Financial year(s) ended 31 March
GST	Goods and Services Tax
IC	Interpretation Committee
IFRS	International Financial Reporting Standards
Listing	Listing of and quotation for the entire enlarged share capital of RM53,933,450 comprising 390,623,655 Shares on the ACE Market
LSSPV	Large scale solar PV
MASB	Malaysian Accounting Standards Board

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Abbreviations (cont'd)**

Unless the context otherwise requires, the following definitions shall apply throughout this report: (cont'd)

MFRS	Malaysian Financial Reporting Standards
O&M	Operations and maintenance
PERS	Private Entity Reporting Standards
Powertrack	Powertrack Sdn. Bhd. (1173857-K)
PV	Photovoltaic
RM	Ringgit Malaysia
RMB	China Renminbi
RPS	Redeemable preference shares issued by Atlantic Blue
Solarvest Energy	Solarvest Energy Sdn. Bhd. (1194560-T)
Solarvest Energy (SR)	Solarvest Energy (SR) Sdn. Bhd. (1320152-A)
SGD	Singapore Dollar
Shares or Solarvest Shares	Ordinary share(s) in Solarvest
Solarvest or Company	Solarvest Holdings Berhad (1247778-U)
Solarvest Group or Group	Solarvest Holdings Berhad and its subsidiaries
SST	Sales and Services Tax
TNB	Tenaga Nasional Berhad (200866-W)
USD	United States Dollar

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Financial Position**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Non-current assets					
Property, plant and equipment	6	14,681,805	14,655,442	11,589,159	10,454,783
Investment in an associate	35	-	-	-	-
Investment properties	7	887,192	-	1,151,422	1,168,066
Intangible assets	8	631,645	830	398	-
Deferred tax assets	9	111,885	13,257	432,194	419,790
Trade receivables	10	2,442,172	1,001,865	136,716	-
Other receivables	11	239,749	228,768	218,290	208,292
		<u>18,994,448</u>	<u>15,900,162</u>	<u>13,528,179</u>	<u>12,250,931</u>
Current assets					
Inventories	12	2,029,613	1,429,797	1,542,022	1,222,888
Trade receivables	10	15,544,883	4,051,122	5,797,966	6,639,831
Other receivables, deposits and prepayments	11	10,605,103	2,739,182	1,001,771	1,393,847
Contract assets	25	16,646,166	8,325,433	1,738,278	1,687,609
Current tax assets		1,903,172	1,302,080	-	-
Fixed deposits with financial institutions	13	8,235,392	661,231	598,015	532,838
Cash and bank balances		<u>14,191,243</u>	<u>2,876,081</u>	<u>3,899,771</u>	<u>672,435</u>
		69,155,572	21,384,926	14,577,823	12,149,448
Assets classified as held for sale	14	-	-	905,787	-
		<u>69,155,572</u>	<u>21,384,926</u>	<u>15,483,610</u>	<u>12,149,448</u>
Total assets		<u>88,150,020</u>	<u>37,285,088</u>	<u>29,011,789</u>	<u>24,400,379</u>
Equity					
Invested equity	15	1,000,010	1,000,002	1,018,000	1,012,000
Retained earnings	16	30,679,896	19,555,243	11,316,280	5,067,292
		<u>31,679,906</u>	<u>20,555,245</u>	<u>12,334,280</u>	<u>6,079,292</u>
Non-controlling interest	34	(6,418)	-	(2,945)	(1,812)
Total equity		<u>31,673,488</u>	<u>20,555,245</u>	<u>12,331,335</u>	<u>6,077,480</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Financial Position (Cont'd)**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Non-current liabilities					
Bank borrowings	17	5,798,425	6,921,299	7,978,086	8,894,338
Finance lease liabilities	18	1,095,697	911,706	454,250	392,053
Redeemable preference shares	19	4,555,414	-	-	-
Contract liabilities	25	272,800	377,740	302,500	205,700
Trade payables	20	503,428	133,647	18,185	-
		<u>12,225,764</u>	<u>8,344,392</u>	<u>8,753,021</u>	<u>9,492,091</u>
Current liabilities					
Trade payables	20	25,474,478	2,859,195	1,964,544	1,138,479
Other payables and accruals	21	2,644,969	1,713,062	1,212,293	1,423,190
Provisions	22	331,777	514,072	-	-
Amount owing to Directors	23	-	-	460,205	876,846
Bank borrowings	17	7,692,609	2,501,112	1,689,011	1,855,476
Finance lease liabilities	18	610,519	471,246	259,128	184,750
Contract liabilities	25	7,496,416	326,764	2,207,449	3,234,037
Current tax liabilities		-	-	134,123	118,030
		<u>44,250,768</u>	<u>8,385,451</u>	<u>7,926,753</u>	<u>8,830,808</u>
Liabilities classified as held for sale	14	-	-	680	-
		<u>44,250,768</u>	<u>8,385,451</u>	<u>7,927,433</u>	<u>8,830,808</u>
Total liabilities		<u>56,476,532</u>	<u>16,729,843</u>	<u>16,680,454</u>	<u>18,322,899</u>
Total equity and liabilities		<u>88,150,020</u>	<u>37,285,088</u>	<u>29,011,789</u>	<u>24,400,379</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Comprehensive Income**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Continuing operations					
Revenue	25	112,201,282	45,069,465	39,008,591	35,286,481
Cost of sales		<u>(89,768,769)</u>	<u>(28,373,527)</u>	<u>(25,800,754)</u>	<u>(24,731,431)</u>
Gross profit		22,432,513	16,695,938	13,207,837	10,555,050
Other income	26	3,378,749	212,312	103,630	26,469
Administrative expenses		(10,493,368)	(6,180,226)	(4,605,907)	(3,861,196)
Sales and distribution expenses		(396,372)	(418,346)	(612,928)	(903,272)
Net impairment losses on financial assets		(479,991)	(80,785)	(160,592)	(10,275)
Other expenses		<u>(1,104,769)</u>	<u>(298,792)</u>	<u>(135,773)</u>	<u>(132,922)</u>
Profit from operations		13,336,762	9,930,101	7,796,267	5,673,854
Finance costs	27	(1,096,312)	(624,041)	(577,546)	(465,699)
Share of loss of associate, net of tax	35	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Profit before tax	28	12,240,450	9,306,059	7,218,721	5,208,155
Taxation	29	<u>(1,122,245)</u>	<u>(1,067,816)</u>	<u>(718,033)</u>	<u>(1,055,252)</u>
Profit from continuing operations		11,118,205	8,238,243	6,500,688	4,152,903
Discontinuing operations					
Loss from discontinuing operations, net of tax	30	<u>-</u>	<u>-</u>	<u>(2,833)</u>	<u>(4,630)</u>
Net profit and total comprehensive income for the financial year		<u>11,118,205</u>	<u>8,238,243</u>	<u>6,497,855</u>	<u>4,148,273</u>
Total comprehensive income for the financial year attributable to:					
Owners of the Company		11,124,653	8,238,963	6,498,988	4,150,125
Non-controlling interest	34	<u>(6,448)</u>	<u>(720)</u>	<u>(1,133)</u>	<u>(1,852)</u>
		<u>11,118,205</u>	<u>8,238,243</u>	<u>6,497,855</u>	<u>4,148,273</u>
Basic and diluted earnings per ordinary share	31	<u>11.12</u>	<u>8.24</u>	<u>6.38</u>	<u>4.10</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Changes in Equity**

	Attributable to owners of the Company					
	Non-distributable	Distributable	Equity attributable to owners of the Company	Non-controlling interest	Total equity	
	RM	RM	RM	RM	RM	
Balance at 1 April 2018	1,000,002	19,555,243	20,555,245	-	20,555,245	
Increase in equity in the Company	8	-	8	-	8	
Increase in equity in Solarvest Energy (SR)	-	-	-	30	30	
Total comprehensive income for the financial year	-	11,124,653	11,124,653	(6,448)	11,118,205	
Balance at 31 March 2019	1,000,010	30,679,896	31,679,906	(6,418)	31,673,488	

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Changes in Equity (Cont'd)**

Attributable to owners of the Company						
	Non-distributable	Distributable		Equity attributable to owners of the Company	Non-controlling interest	Total equity
	RM	RM	RM	RM	RM	RM
Balance at 1 April 2017	1,018,000	11,316,280	12,334,280		(2,945)	12,331,335
Increase in equity in the Company	2	-	2		-	2
Disposal of a subsidiary	-	-	-		3,665	3,665
Increase in equity in Powertrack and Solarvest Energy	(18,000)	-	(18,000)		-	(18,000)
Total comprehensive income for the financial year	-	8,238,963	8,238,963		(720)	8,238,243
Balance at 31 March 2018	1,000,002	19,555,243	20,555,245		-	20,555,245
Balance at 1 April 2016	1,012,000	5,067,292	6,079,292		(1,812)	6,077,480
Dividend paid	-	(250,000)	(250,000)		-	(250,000)
Increase in equity in Solarvest Energy	6,000	-	6,000		-	6,000
Total comprehensive income for the financial year	-	6,498,988	6,498,988		(1,133)	6,497,855
Balance at 31 March 2017	1,018,000	11,316,280	12,334,280		(2,945)	12,331,335

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13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Changes in Equity (Cont'd)**

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Non-distributable	Distributable	Retained earnings	Equity attributable to owners of the Company		
	RM	RM	RM	RM	RM	RM
Balance at 1 April 2015	400,000	917,167	1,317,167	-	-	1,317,167
Increase in equity in Atlantic Blue	600,000	-	600,000	-	-	600,000
Increase in equity in Powertrack and Atlantic Ecocity Sdn. Bhd.	12,000	-	12,000	40	12,040	
Total comprehensive income for the financial year	-	4,150,125	4,150,125	(1,852)	(1,852)	4,148,273
Balance at 31 March 2016	1,012,000	5,067,292	6,079,292	(1,812)	(1,812)	6,077,480

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Cash Flows**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Cash flows from operating activities					
Profit before tax					
- continuing operations		12,240,450	9,306,059	7,218,721	5,208,155
- discontinuing operations		-	-	(2,833)	(4,630)
		<u>12,240,450</u>	<u>9,306,059</u>	<u>7,215,888</u>	<u>5,203,525</u>
Adjustments for:					
Accretion of discount on trade receivables	10	-	150,024	88,082	-
Accretion of discount on other receivables	11	-	-	-	118,880
Accretion of discount on RPS	19	(2,731,601)	-	-	-
Amortisation of intangible assets		77,198	218	102	-
Bad debts written off, net		49,249	21,434	38,260	8,414
Depreciation of investment properties		19,463	16,644	16,644	16,644
Depreciation of property, plant and equipment		1,592,300	1,191,707	814,591	586,312
Finance costs		1,096,312	624,041	577,546	465,699
Finance income		(341,691)	(101,432)	(33,551)	(26,469)
Gain on disposal of a subsidiary	34	-	(5,558)	-	-
Gain on disposal of an associate	35	-	(1)	-	-
Gain on disposal of property, plant and equipment		(16,683)	(9,779)	-	-
Net impairment losses on trade receivables		479,991	80,785	160,592	10,275
Provision for defects liability	22	336,906	-	-	-
(Reversal)/provision for onerous contract	22	(514,072)	514,072	-	-
Share of loss on investment in an associate	35	-	1	-	-
Unrealised gain on foreign exchange		(13,773)	-	-	-
		<u>12,274,049</u>	<u>11,788,215</u>	<u>8,878,154</u>	<u>6,383,280</u>
Operating profit before working capital changes		12,274,049	11,788,215	8,878,154	6,383,280

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Cash Flows**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Cash flows from operating activities (cont'd)					
Changes in working capital:					
(Increase)/decrease in inventories		(599,816)	112,225	(319,134)	39,177
(Increase)/decrease in trade and other receivables, deposits and prepayments		(21,549,836)	(683,375)	815,708	(5,443,221)
Increase in contract assets		(8,320,733)	(6,587,155)	(50,669)	(1,687,609)
Increase/(decrease) in trade and other payables, accruals and provision		23,925,615	2,425,192	634,033	(4,947,305)
Increase/(decrease) in contract liabilities		7,064,712	(1,805,445)	(929,788)	962,601
Cash generated from/(used in) operations		12,793,991	5,249,657	9,028,304	(4,693,077)
Finance costs paid		(1,009,297)	(624,041)	(577,546)	(465,699)
Interest income received		236,237	36,488	18,135	16,930
Tax paid		(1,821,965)	(2,085,200)	(714,344)	(983,354)
Net cash from/(used in) operating activities		10,198,966	2,576,904	7,754,549	(6,125,200)
Cash flows from investing activities					
Acquisition of equity in Powertrack and Solarvest Energy from common controlling shareholders		-	(18,000)	-	-
Acquisition of intangible assets	(a)	(392,933)	(650)	(500)	-
Investment in an associate		-	(1)	-	-
Net cash inflow on disposal of a subsidiary	34	-	20	-	-
Proceeds from disposal of an associate	35	-	1	-	-
Proceeds from disposal of property, plant and equipment		23,500	33,509	-	-
Purchase of an investment property		-	-	(905,785)	-
Purchase of property, plant and equipment	(b)	(1,594,350)	(2,516,942)	(1,591,967)	(2,393,790)
Net cash used in investing activities		(1,963,783)	(2,502,063)	(2,498,252)	(2,393,790)

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Cash Flows (Cont'd)**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Cash flows from financing activities					
Dividend paid		-	-	(250,000)	-
Increase in fixed deposits pledged		(7,574,161)	(63,216)	(65,177)	(224,632)
Placement into sinking fund for banking facilities		(1,336,968)	-	-	-
Net (repayment)/drawdown of bankers acceptance		(708,000)	308,000	167,000	233,000
Net drawdown of local bill purchase		6,583,304	-	-	-
Net (repayment)/drawdown of term loans		(1,042,326)	(985,945)	(877,796)	7,009,106
Net receipt/(repayment) of advances from Directors		7,200,000	(460,205)	(416,641)	355,482
Proceeds from issuance of equity		38	2	6,000	612,040
Repayment of finance lease liabilities, net	(c)	(614,521)	(330,426)	(220,425)	(109,215)
Net cash from/(used in) financing activities	(d)	<u>2,507,366</u>	<u>(1,531,790)</u>	<u>(1,657,039)</u>	<u>7,875,781</u>
Net increase/(decrease) in cash and cash equivalents		10,742,549	(1,456,949)	3,599,258	(643,209)
Cash and cash equivalents at beginning of the financial year		2,111,726	3,568,675	(30,583)	612,626
Cash and cash equivalents at end of the financial year	33	<u>12,854,275</u>	<u>2,111,726</u>	<u>3,568,675</u>	<u>(30,583)</u>

(a) Purchase of intangible asset

Cost of software acquired during the financial year is RM708,013. Prepayment has been made for the intangible asset as at 31 March 2018 for RM315,080.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Combined Statements of Cash Flows (Cont'd)****(b) Purchase of property, plant and equipment**

The Group made the following cash payments to purchase property, plant and equipment:

	2019 RM	2018 RM	2017 RM	2016 RM
Purchase of property, plant and equipment	2,532,135	3,146,942	1,948,967	2,493,790
Less: Amount settled via finance lease	(937,785)	(630,000)	(357,000)	(100,000)
Cash payment	<u>1,594,350</u>	<u>2,516,942</u>	<u>1,591,967</u>	<u>2,393,790</u>

(c) Net repayment of finance lease liabilities

An amount of RM370,000 approved to the Group as finance lease in the current financial year relates to an intangible asset. The Group received cash of RM370,000 from the leasing company.

(d) Changes in liabilities arising from financing activities

	Note	At 1 April 2018 RM	Net changes from financing cash flows RM	Other changes RM	At 31 March 2019 RM
Amount owing to Directors	23	-	7,200,000	(7,200,000)	-
Bankers acceptance	17	708,000	(708,000)	-	-
Finance lease liabilities	18	1,382,952	(614,521)	937,785	1,706,216
Local bill purchase	17	-	6,583,304	-	6,583,304
Term loans	17	7,950,056	(1,042,326)	-	6,907,730
		<u>10,041,008</u>	<u>11,418,457</u>	<u>(6,262,215)</u>	<u>15,197,250</u>

	Note	At 1 April 2017 RM	Net changes from financing cash flows RM	Other changes RM	At 31 March 2018 RM
Bankers acceptance	17	400,000	308,000	-	708,000
Finance lease liabilities	18	713,378	(330,426)	1,000,000	1,382,952
Term loans	17	8,936,001	(985,945)	-	7,950,056
		<u>10,049,379</u>	<u>(1,008,371)</u>	<u>1,000,000</u>	<u>10,041,008</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information****1. General information**

- (a) Solarvest was incorporated in Malaysia under the Act on 20 September 2017 as a public limited liability company. The Company is domiciled in Malaysia.

The registered office of the Company is located at No. 7-1, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia. The principal place of business is located at D-36-06, Dataran 3 Dua, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Company was incorporated to be the holding company for the restructured group pursuant to the internal restructuring exercise as disclosed in Note 2.

The principal activity of the Company is that of investment holding.

- (b) Atlantic Blue was incorporated in Malaysia on 26 March 2005, as a private limited liability company and is principally engaged in the provision of EPCC services for solar PV systems.
- (c) The subsidiaries of Atlantic Blue are:

Name of combining entities	Principal place of business	Effective equity interest At 31 March				Principal activities
		2019 %	2018 %	2017 %	2016 %	
Subsidiaries of Atlantic Blue:						
Atlantic Ecocity Sdn. Bhd.	Malaysia	-	-	60	60	Property investment
Powertrack	Malaysia	100	100	100	100	Provision of design, testing and commissioning and repair and maintenance of solar PV system
Solarvest Energy	Malaysia	100	100	100	100	Provision of EPCC services for solar PV systems
Subsidiary of Solarvest Energy:						
Solarvest Energy (SR)	Malaysia	70	-	-	-	Provision of EPCC services for solar PV systems

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****1. General information (cont'd)**

(c) The subsidiaries of Atlantic Blue are: (cont'd)

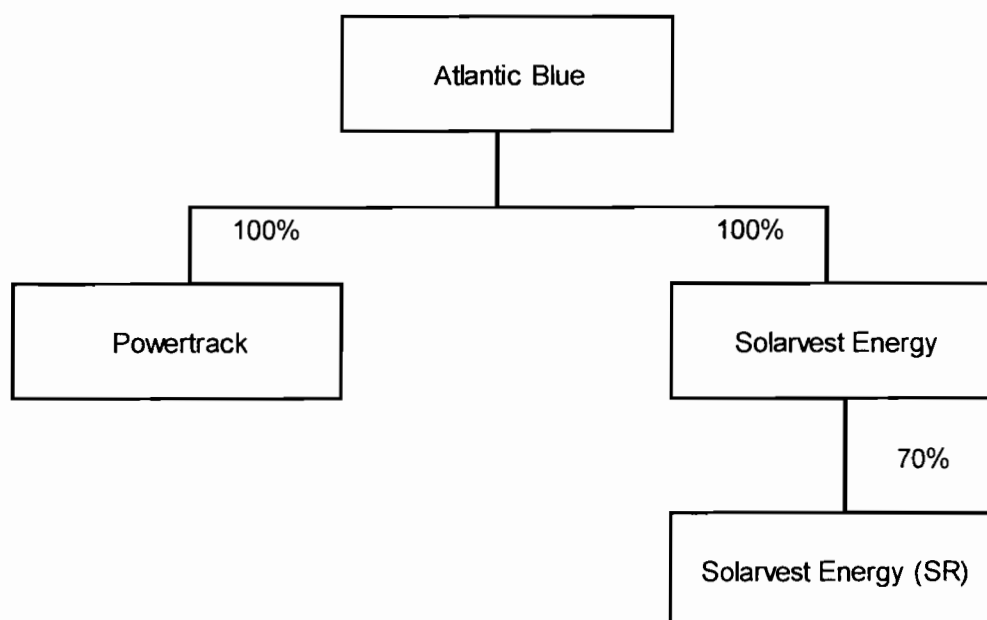
- # Atlantic Ecocity Sdn. Bhd. was disposed during FYE 31 March 2018. As at 31 March 2017, the assets and liabilities of Atlantic Ecocity Sdn. Bhd. have been reclassified as held for sale.
- # On 29 March 2019, Solarvest Energy incorporated a subsidiary by the name of Solarvest Energy (SR). The new subsidiary has a share capital of RM100 represented by 100 ordinary shares, of which Solarvest Energy owns 70% of its equity interest. The remaining 30% equity interest is held by an individual unrelated to Solarvest Group. Solarvest Energy (SR) has not commenced operations since incorporation.

2. Internal restructuring

For the purpose of the initial public offering of new ordinary shares in the Company and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market, the Group was formed via internal restructuring.

On 30 January 2019, the Company entered into a conditional share sale agreement with Atlantic Blue Vendors to acquire the equity investment in Atlantic Blue comprising 1,000,000 ordinary shares for a total consideration of RM26,261,600 satisfied by the issuance of 291,795,555 new Shares to Atlantic Blue Vendors at an issue price of RM0.09 per Share. The new Shares issued under the Acquisition rank equally in all respects with existing Solarvest Shares. Thereafter, Atlantic Blue becomes a wholly-owned subsidiary of the Company.

Group structure prior to the Acquisition:

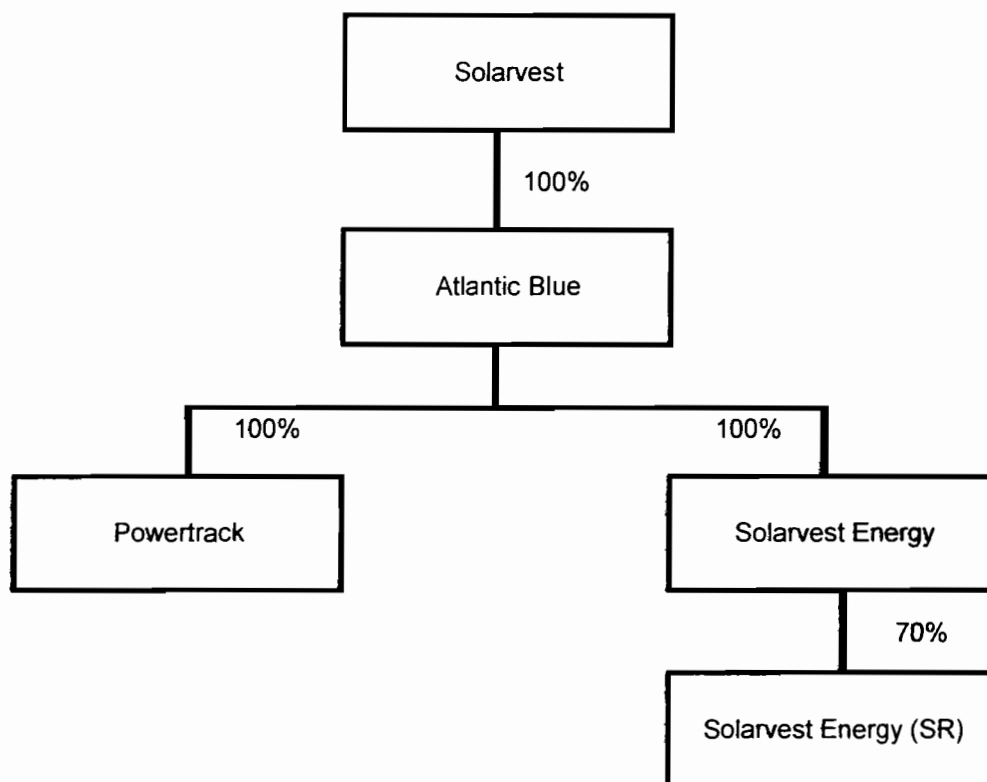


13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****2. Internal restructuring (cont'd)**

Group structure following completion of the Acquisition:

**3. Basis of preparation**

The historical financial information of the Group have been prepared in accordance with MFRS and IFRS and based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants in relation to the proposed listing of the ordinary shares of the Company on the ACE Market. The historical financial information for FYE 31 March 2016, 2017, 2018 and 2019 comprise the financial statements of the Company and Atlantic Blue Group. None of the foregoing mentioned audited financial statements used in the preparation of the Accountants' Report for the financial years under review were subject to any qualification, modification or disclaimer.

The historical financial information of the Group have been prepared under the historical cost convention except otherwise stated in Note 4 of this report. The historical financial information of the Group are presented in RM, which is the functional currency of the Company.

The preparation of historical financial information in conformity with MFRS requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the historical financial information and revenues and expenses during the reported period. Actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 5 of this report.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.1 Combined financial statements for FYE 31 March 2016, 2017, 2018 and 2019**

As Solarvest was incorporated on 20 September 2017, the financial statements for financial years ended 31 March 2016 and 2017 are the historical financial information of Atlantic Blue Group.

The combined financial statements were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest period covered by the reporting periods of this report. Such manner of presentation reflects the economic substance of the combining entities, which were under common control throughout the periods presented in this report.

The Company and Atlantic Blue are under common effective control of the same controlling parties throughout the periods presented in this report. Throughout FYE 31 March 2016, 2017, 2018 and 2019, the Company and Atlantic Blue were owned by the controlling parties directly.

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

3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018

The Group has elected to early adopt MFRS 9, 'Financial Instruments', MFRS 15, 'Revenue from Contracts with Customers' and Clarifications to MFRS 15, 'Revenue from Contracts with Customers', in financial year beginning on 1 April 2017. The impacts of the adoption of these MFRS on the Group's financial statements are as follows:

(i) MFRS 9, 'Financial Instruments'

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of MFRS 9, while the hedge accounting requirements under this Standard are not relevant to the Group. In accordance with the transition requirements under paragraph 7.2.1 of MFRS 9, the Group applies MFRS 9 retrospectively to each prior reporting period presented in the financial statements. Comparatives are restated and the financial impact on the adoption of MFRS 9 is recognised in retained earnings as at 1 April 2015.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(i) MFRS 9, 'Financial Instruments' (cont'd)****(a) Changes to the accounting policies*****Financial assets***

The Group classifies its financial assets into the following measurement categories depending on the Group's business model for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The available-for-sale, held-to-maturity and loans and receivables financial asset categories were removed.
- A new financial asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- A new financial asset category measured at FVTOCI was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

Financial liabilities

There is no impact on the classification and measurement of the Group's financial liabilities.

Impairment of financial assets

MFRS 9, 'Financial Instruments' requires impairment assessments to be based on an ECL model, replacing the incurred loss model under MFRS 139, 'Financial Instruments: Recognition and Measurement'.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(i) MFRS 9, 'Financial Instruments' (cont'd)****(a) Changes to the accounting policies (cont'd)*****Impairment of financial assets (cont'd)***

The key changes in relation to impairment of financial assets are as follows:

- **Financial assets other than trade receivables and contract assets**

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group, and all the cash flows that the Group expects to receive.

The Group applies a two-step approach to measure the ECL on financial assets other than trade receivables and contract assets:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each financial year end, the Group assesses whether there is a significant increase in credit risk for financial assets other than trade receivables and contract assets since initial recognition by comparing the risk of default on these financial assets as at the financial year end with the risk of default as at the date of initial recognition. The Group considers historical experience on similar assets and other supportive information to assess deterioration in credit quality of these financial assets.

- **Trade receivables and contract assets**

The Group applies the simplified approach prescribed by MFRS 9, 'Financial Instruments', which requires a lifetime ECL to be recognised from initial recognition of the trade receivables and contract assets.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(i) MFRS 9, 'Financial Instruments' (cont'd)****(b) Classification and measurement**

The following table summarises the reclassification and measurement of the Group's financial assets as at 1 April 2017:

		Measurement category	
	Note	Original (MFRS 139)	New (MFRS 9)
Financial assets:			
Trade receivables		Loans and receivables	Amortised cost
Other receivables, deposits and prepayments	(a)	Loans and receivables	Amortised cost
Amount owing by contract customers	(b)	Loans and receivables	-
Contract assets	(b)	-	Amortised cost
Fixed deposits with financial institutions		Loans and receivables	Amortised cost
Cash and bank balances		Loans and receivables	Amortised cost

Carrying amount as at 1 April 2017			
		Original (MFRS 139)	New (MFRS 9)
	Note	RM	RM
Financial assets:			
Trade receivables		5,929,529	5,934,682
Other receivables, deposits and prepayments	(a)	1,220,061	1,220,061
Amount owing by contract customers	(b)	1,304,296	-
Contract assets	(b)	-	1,738,278
Fixed deposits with financial institutions		598,015	598,015
Cash and bank balances		3,899,771	3,899,771

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(i) MFRS 9, 'Financial Instruments' (cont'd)****(b) Classification and measurement (cont'd)**

Financial assets that have previously been classified as loans and receivables are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Classification of the Group's financial liabilities remained unchanged. Financial liabilities consisting of trade and other payables, deposits, amount owing to subsidiaries and Directors, bank borrowings and finance lease liabilities which are financial liabilities, continue to be measured at amortised cost.

The following tables are reconciliations of the carrying amount of the Group's combined statement of financial position from MFRS 139, 'Financial Instruments: Recognition and Measurement' to MFRS 9, 'Financial Instruments' as at 1 April 2017:

Note	Original Carrying amount as at 31 March 2017 (MFRS 139) RM	Re- measurement RM	New Carrying amount as at 1 April 2017 (MFRS 9) RM
Deferred tax assets:			
Opening balance	432,851	-	432,851
Deferred tax relating to impairment loss on trade receivables	-	3,497	3,497
Total deferred tax assets	(c) 432,851	3,497	436,348

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(i) MFRS 9, 'Financial Instruments' (cont'd)****(b) Classification and measurement (cont'd)****Notes: (cont'd)**

(c) The presentation of the combined statement of financial position, combined statement of comprehensive income and combined statement of cash flows are shown after the early adoption of MFRS 9, but before the impact of early adoption of MFRS 15 shown in Note 3.2 (ii).

(d) The Group applies the simplified approach to measure the ECL.

(c) Impairment loss

The reconciliation for loss allowances on 1 April 2017 are as follow:

	Trade receivables RM
Closing loss allowance (based on MFRS 139)	146,020
Amount restated through opening retained earnings	<u>24,847</u>
Opening loss allowance (based on MFRS 9)	<u>170,867</u>

(ii) MFRS 15, 'Revenue from Contracts with Customers'

The Group has elected to early adopt MFRS 15, 'Revenue from Contracts with Customers' which is applied retrospectively to each prior period presented in the financial statements. MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under MFRS 15, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group is in a business of providing EPCC services for solar PV systems, O&M of solar energy system and sale of electricity through solar energy generation. The key impact of the changes in accounting policies are detailed as follows:

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(ii) MFRS 15, 'Revenue from Contracts with Customers' (cont'd)****(a) Service-type warranty as a separate performance obligation**

Within its activities of EPCC (turnkey) of solar energy system, the Group provides warranty of between 2 and 5 years to customer for workmanship defects, performance monitoring and on-site support and repair services (collectively referred to as O&M) to ensure optimal operation of solar energy system installation. The O&M is a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specifications. Previously, the Group did not recognise a provision with respect to this warranty. Under MFRS 15, the Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period the warranty services are provided.

The Group has applied the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach and applying the following practical expedients in accordance with the transitional provisions in MFRS 15:

- For completed contracts, the Group has not restated contracts that are completed contracts at 1 April 2016. Had the Group elected not to apply this practical expedient, revenue for FYE 31 March 2016 will be higher arising from deferment of revenue from O&M services for contracts with warranty period that ended in financial year 2016; and
- For the comparative year ended 31 March 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

During the initial application of MFRS 15, the Group need only present the quantitative information required by paragraph 28(f) of MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' relating amount of adjustments for the annual period immediately preceding the first annual period for which MFRS 15 is applied if the Group applies MFRS 15 retrospectively.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

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Accountants' Report**Notes to the Historical Financial Information (Cont'd)****3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(ii) MFRS 15, 'Revenue from Contracts with Customers' (cont'd)**

The effect of adoption of MFRS 15 on the historical financial information for affected financial statement line items are as follows:

Combined statement of financial position

	Note	At 31.03.2017 RM	Increase/ (decrease) RM	At 31.03.2017 RM
Deferred tax assets	(a)	432,851	97,416	530,267
Amount owing by contract customers	(a)	1,304,296	(1,304,296)	-
Contract assets	(b), (c)	-	1,738,278	1,738,278
Contract liabilities (non-current)	(d)	-	302,500	302,500
Contract liabilities (current)	(c), (d)	1,657,527	549,922	2,207,449
Retained earnings		11,449,821	(112,191)	11,337,630

Combined statement of comprehensive income

	Note	At 31.03.2017 RM	Increase/ (decrease) RM	At 31.03.2017 RM
Revenue	(d)	39,152,251	(143,660)	39,008,591
Gross profit		13,351,497	(143,660)	13,207,837
Profit from operations		7,954,499	(143,660)	7,810,839
Profit before tax		7,376,953	(143,660)	7,233,293
Tax expense	(a)	(752,999)	31,469	(721,530)
Profit from continuing operations		6,623,954	(112,191)	6,511,763
Net profit and total comprehensive income for the financial year		6,621,121	(112,191)	6,508,930
Total comprehensive income for the financial year attributable to owners of the Company		6,622,254	(112,191)	6,510,063

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

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Accountants' Report**Notes to the Historical Financial Information (Cont'd)****3. Basis of preparation (cont'd)****3.2 Early adoption of MFRS effective for the financial year beginning on or after 1 April 2018 (cont'd)****(ii) MFRS 15, 'Revenue from Contracts with Customers' (cont'd)****Combined statement of cash flows**

	Note	At 31.03.2017 RM	Increase/ (decrease) RM	At 31.03.2017 RM
Profit before tax				
- continuing operations	(a), (d)	7,376,953	(143,660)	7,233,293
Operating profit before working capital changes		9,036,386	(143,660)	8,892,726
Changes in working capital: (Increase)/decrease in amount				
owing by contract customers	(b)	(1,147,049)	1,147,049	-
Increase in contract assets	(b), (c)	-	(50,669)	(50,669)
Decrease in contract liabilities	(c), (d)	-	(929,788)	(929,788)
Cash generated from operations		9,005,836	22,932	9,028,768
Net cash from operating activities		7,731,617	22,932	7,754,549

Notes:

- (a) To recognise the impact on deferred income tax of the adjustments in (b) and (d).
- (b) To transfer the excess of cumulative revenue earned over the billings to date recognised as amount due from contract customers previously to contract assets. There is no impact to the statement of comprehensive income as a result of this reclassification.
- (c) Contract liabilities also includes an amount reclassified from amount due from contract customers. This had no impact on the statement of comprehensive income.
- (d) The amount allocated to operation and maintenance service for EPCC on solar energy system increased as a result of the allocation method required under MFRS 15. Such service are paid upfront as part of the initial sales transaction whereas revenue is recognised proportionately over 2 to 5 years period over which O&M services are provided to the customers. Based on the previous allocation method, no amounts were deferred. There has been an adjustment to revenue and the recognition of a contract liability to reflect the change in accounting policy arising from adoption of MFRS 15.

The presentation of combined statement of financial position, combined statement of comprehensive income and combined statement of cash flows are shown after the early adoption of MFRS 15, but before the impact of early adoption of MFRS 9 as shown in Note 3.2 (i) above.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.3 MFRS, Amendments to MFRS and IC Interpretations that have been issued, but not yet adopted**

The following are MFRS, Amendments to MFRS and IC Interpretations that have been issued by the MASB but are not yet effective and have not been adopted by the Group.

(i) Effective for financial year beginning on or after 1 April 2019

- MFRS 16, 'Leases'
- Amendments to MFRS 9, 'Financial Instruments' – Prepayment Features with Negative Compensation
- Amendments to MFRS 3, 'Business Combinations' and MFRS 11, 'Joint Arrangements' – Previously Held Interest in a Joint Operation
- Amendments to MFRS 112, 'Income Taxes' – Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 119, 'Employee Benefits' – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, 'Borrowing Costs' – Borrowing Costs Eligible for Capitalisation
- Amendments to MFRS 128, 'Investments in Associates and Joint Ventures' – Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23, 'Uncertainty over Income Tax Treatments'

(ii) Effective for financial year beginning on or after 1 April 2020

- Amendments to MFRS 3, 'Business Combinations' – Definition of a Business
- Amendments to MFRS 101, 'Presentation of Financial Statements' and MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

(iii) Effective for financial year beginning on or after 1 April 2021

- MFRS 17, 'Insurance Contracts'

(iv) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10, 'Consolidated Financial Statements', and MFRS 128, 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.3 MFRS, Amendments to MFRS and IC Interpretations that have been issued, but not yet adopted (cont'd)**

The initial application of the abovementioned new and amendments to MFRS and IC Interpretations, where applicable, are not expected to have any material financial impact to the historical financial information of Group, except as follows:

(i) MFRS 16, 'Leases'

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto the statement of financial position except for short-term and low-value asset leases. Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group will adopt MFRS 16 when it becomes effective for financial year beginning on 1 April 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The Group is applying MFRS 16 on a modified retrospective transition approach, electing the following practical expedients:

- to apply the exemption not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019 and account those as short-term leases.
- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply MFRS 16 to all contracts that were previously identified as leases.
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group is also exempted from making adjustments on transition for leases for which the underlying asset is of low value on the date of initial application of MFRS 16.

For leases that were classified as finance leases applying MFRS 117, the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability as at 31 March 2019 measured applying MFRS 117.

13. ACCOUNTANTS' REPORT (Cont'd)

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**3. Basis of preparation (cont'd)****3.3 MFRS, Amendments to MFRS and IC Interpretations that have been issued, but not yet adopted (cont'd)****(i) MFRS 16, 'Leases' (cont'd)**

The standard will affect primarily the accounting for the Group's non-cancellable operating leases amounting to RM3,886,048 as at 31 March 2019 as disclosed in Note 24 to this report. Assessment performed indicated that these arrangements meet the definition of a lease under MFRS 16 and hence the Group will recognise right-of-use assets and the corresponding liability in respect of these leases. The new requirements is expected to have a significant impact on the amounts recognised in the financial statements and the Group is currently quantifying the final impact to the Group's financial statements.

4. Summary of significant accounting policies**4.1 Basis of combination****Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3")**

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the historical financial information.

The Group is regarded as a continuing entity as mentioned in Note 3 of this report since the management of all the combining entities which took part were controlled by the common Directors and under common shareholders before and immediately after the restructuring exercise in Note 2. Accordingly, the financial information have been prepared on the basis of merger accounting.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

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Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.1 Basis of combination (cont'd)**

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the historical financial information of the combining entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combining entity. Therefore, the combining entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the historical financial information of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such historical financial information had been prepared by the controlling party, including adjustments required for conforming to the combining entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the historical financial information of the combining entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the combining entity are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The historical financial information were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with MFRS and IFRS for the purpose of combination. The combining entities maintain their accounting records and prepare the relevant statutory financial statements in accordance with MFRS, IFRS and the requirements of the Act Malaysia.

The Group resulting from the internal restructuring exercise as disclosed in Note 2, is one involving entities under common control. Accordingly, the historical financial information have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the historical financial information of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**4. Summary of significant accounting policies (cont'd)****4.2 Basis of consolidation****(i) Investment in subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the historical financial information from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries are measured in the Company's separate financial statements at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations') or distribution. The cost of investment includes transaction costs.

The policy for the recognition and measurement of impairment losses is in accordance with Note 4.8 to the financial statements. On disposal, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

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Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.2 Basis of consolidation (cont'd)****(ii) Business combinations (cont'd)**

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

(iii) Acquisitions of non-controlling interests

Changes in the Company's ownership interest in a combining entity that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

(iv) Loss of control

Upon the loss of control of a combining entity, the Group derecognises the assets and liabilities of the former combining entity, any non-controlling interests and the other components of equity related to the former combining entity from the consolidated statements of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former combining entity, then such interest is measured at fair value at the date the control ceases. Subsequently it is accounted for as an equity-accounted investee or as an equity instrument at FVTOCI depending on the level of influence retained.

13. ACCOUNTANTS' REPORT (Cont'd)

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.2 Basis of consolidation (cont'd)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a combining entity not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Losses applicable to non-controlling interests in a combining entity are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the historical financial information.

4.3 Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

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Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.3 Foreign currency transactions (cont'd)**

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

4.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Depreciation of an asset begins when it is ready for its intended use. Freehold land has an infinite life and therefore is not depreciated. Work-in-progress is also not depreciated as asset is not available for use. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets at the following annual rates:

Backup inverters	10%
Computers	20%
Containers	10%
Electrical and installation	10%
Freehold buildings	2%
Furniture and fittings	10%
Machineries	20%
Motor vehicles	20%
Office equipment	10%
Renovation	10%
Signboard	10%
Solar farm	4%
Tools and equipment	10%

The assets' residual value, useful life and depreciation method are reviewed at each FYE, and adjusted prospectively, if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for recognition and measurement of impairment losses is in accordance with Note 4.8 to the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.4 Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

4.5 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including expenditure directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and the capitalised borrowing costs. Investment properties are measured using cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment properties is provided for on the straight-line basis over the estimated useful life at the annual rate of 2%.

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal or retirement of an investment property is recognised in profit or loss in the year of disposal or retirement.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.4 to the financial statements up to date of change in use.

4.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprises purchase price and directly attributable costs of bringing the inventories to their present location and conditions. Cost of inventories is determined by the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.7 Intangible assets

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful live of the intangible asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at the end of each financial reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**4. Summary of significant accounting policies (cont'd)****4.7 Intangible assets (cont'd)**

Gains or losses arising from derecognition of an intangible asset are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

(i) Trademarks

The estimated useful life of trademark is 3 years.

(ii) Software licences

The Group has developed the following criteria to identify computer software licence to be classified as property, plant and equipment or intangible asset:

- Software licence that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property, plant and equipment;
- Application software that is being used on a computer that is generally easily replaced and is not an integral part of the related hardware is classified as intangible asset.

Due to the risk of technological changes, the useful lives of all software licences are generally assessed to be finite. Software licence that is classified as intangible assets are amortised on a straight-line basis over its estimated useful life of 5 years.

4.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (except for inventories, tax recoverable and deferred tax assets) may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.8 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, net of bank overdrafts and exclude deposits and bank balances pledged to secure banking facilities.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

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Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.10 Financial assets**

The Group applied the classification and measurement requirements for financial assets under MFRS 9, 'Financial Instruments' retrospectively. The financial year 2017 comparative was restated, and the changes in the classification and measurement requirements from the classification and measurement requirements under the previous MFRS 139, 'Financial Instruments: Recognition and Measurement' and its impact are disclosed in Note 3.2 (i).

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9, 'Financial Instruments' are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.10 Financial assets (cont'd)****(ii) Financial assets measured at fair value (cont'd)**

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group does not have any financial assets measured at FVTOCI or FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group does not have any financial assets that are equity instruments.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

Impairment of financial assets

The Group applied the impairment requirements for financial assets under MFRS 9, 'Financial Instruments' retrospectively. The financial year 2017 comparative was restated, and the changes in the impairment requirements from the impairment requirements under the previous MFRS 139, 'Financial Instruments: Recognition and Measurement' are explained in Note 3.2 (i).

The Group assesses at each FYE whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses historical experience on similar assets and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.10 Financial assets (cont'd)****Impairment of financial assets (cont'd)**

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group measures the impairment loss on financial assets other than trade receivables and contract assets based on the two-step approach as disclosed in Note 3.2 (i). If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

For trade receivables and contract assets, the Group measures impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

4.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group does not have any financial liabilities at FVTPL in the current and previous FYE.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**4. Summary of significant accounting policies (cont'd)****4.11 Financial liabilities (cont'd)****(ii) Other financial liabilities**

The Group's other financial liabilities include payables and borrowings.

Payables and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

4.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Provision for defects liability

A provision is recognised when customer issues initial acceptance certificate after completion of EPCC contract. Initial recognition is made based on estimation of material, machines, contractor and labour costs during the defects liability period. Provision is made by estimating costs to be incurred for each type of repair pertinent to scope of work for the LSSPV contract. Larger LSSPV contracts are expected to incur higher costs for the same type of repair due to its size. The Group has also considered their past experience with rectifying defects for clients in the commercial/industrial and residential segments for certain types of repair common to solar PV installation, adjusting them to the scale required for LSSPV projects. This initial estimate is revised annually when there is a changes in expectations and assumptions used.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.12 Provisions (cont'd)****(i) Provision for defects liability (cont'd)**

The provision for defects liabilities are reversed as and when expenses are incurred to perform defects rectification, and entirely at the end of defects liability period. Any under-provision will be charged to profit or loss during the financial year.

(ii) Provision for onerous contract

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

4.13 Leases

- **As lessee in finance and operating lease**

(i) Finance lease

Finance leases are leases which transfer to the Group substantially all the risk and rewards incidental to ownership of the leased item. Upon initial recognition, lease assets are capitalised at the inception of the lease at their fair value or, if lower, the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The liability is included in the statements of financial position as finance lease liabilities.

Minimum lease payments made are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(ii) Operating lease

Operating leases are leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.13 Leases (cont'd)

- **As lessor in operating lease**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 4.15 to the financial statements.

4.14 Revenue

The Group applied the five-step model for revenue recognition under MFRS 15, 'Revenue from Contracts with Customers' effective from 1 April 2017. The adoption of MFRS 15 results in changes in the accounting policy for revenue recognition, and the financial impact of transition from MFRS 118, 'Revenue' applied previously is disclosed in Note 3.2 (ii).

The Group recognises revenue from contracts with customers based on the five-step model as set out in MFRS 15:

- Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

- Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or
- Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.14 Revenue (cont'd)

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligation in contracts with customers:

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) EPCC of solar energy solution

The Group provides turnkey EPCC services in solar energy solution to customers in three categories: residential, commercial and industrial (roof-top projects) and large scale solar energy producers. Its end-to-end solution covers the initial feasibility to in-depth system designs and installations, project commissioning to project handover that caters to all types of solar PV projects.

EPCC contracts involve multiple deliverables, such as solar system design, supply of solar energy equipment, installation of solar energy system and testing of newly installed solar energy system. As the Group provides significant integration service for the multiple performance obligations, they are accounted for as a single performance obligation.

For EPCC projects, the Group transfers control of goods and services over time and, therefore satisfies a performance obligation and recognises revenue over time. The Group is restricted contractually from directing the solar energy system under construction for another use as they are being developed and has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time, based on the costs incurred to date as a proportion of the estimated total costs to be incurred.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has billed or received advance payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.14 Revenue (cont'd)****(i) Revenue from contracts with customers (cont'd)****(a) EPCC of solar energy solution (cont'd)**

When the outcome of a contract cannot be reasonably measured but the Group expects to recover the costs incurred in satisfying the performance obligation, revenue is recognised only to the extent of contract costs incurred until such time that the Group can reasonably measure the outcome of the performance obligation. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue on a contract, the expected loss is recognised as an expenses immediately, with a corresponding provision for an onerous contract.

(b) O&M of solar energy system

Within its activities of EPCC (turnkey) of solar energy system, the Group provides warranty of between 2 and 5 years to customer for workmanship defects, performance monitoring and on-site support and repair services (collectively referred to as O&M) to ensure optimal operation of solar energy system installation. The O&M is a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specifications. Previously, the Group did not recognise a provision with respect to this warranty. Under MFRS 15, the Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period the warranty services are provided.

Obligation to replace equipment and parts are standard warranty provided by the suppliers of those equipment and parts.

The Group has elected to apply the practical expedient to not have to restate completed contracts at the beginning of the earliest period presented.

(c) Sale of electricity through solar energy generation

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

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**4. Summary of significant accounting policies (cont'd)****4.15 Other operating income****(i) Rental income**

Revenue from rental of investment properties and property, plant and equipment is recognised on accrual basis.

(ii) Interest income

Interest income from financing to trade receivables is recognised using the effective interest method. When a receivable is impaired (for the time value of money effect when outstanding balances are converted into instalment plan), the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

For fixed deposits with financial institutions, interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

4.16 Employee benefits**(i) Short-term benefits**

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences.

Non-accumulating compensated absences, such as sick leave, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit-sharing and bonus plans are recognised when the Group has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Group has no realistic alternative but to make the payments.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**4. Summary of significant accounting policies (cont'd)****4.16 Employee benefits (cont'd)****(ii) Defined contribution plans**

Defined contributions plans are post-employment benefits plans under which the Group pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

4.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.18 Income taxes**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Accountants' Report

Notes to the Historical Financial Information (Cont'd)**4. Summary of significant accounting policies (cont'd)****4.18 Income taxes (cont'd)****(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- (a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with investment in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which that temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.18 Income taxes (cont'd)****(ii) Deferred tax (cont'd)**

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.19 Share capital and dividends

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

(i) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Preference shares capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(iii) Share issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

4.20 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.20 Fair value measurement (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within 1 level that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4.21 Related parties

A related party is a person or an entity that is related to the Group under the following conditions:

(i) A person or a close member of that person's family:

- (a) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (b) has control or joint control over the reporting entity; or
- (c) has significant influence over the reporting entity.

(ii) Any one of the following condition applies:

- (a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (c) both entities are joint ventures of a third entity.
- (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (f) the entity is controlled or jointly controlled by a person identified in (i).
- (g) a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.
- (h) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(iii) Directly, or indirectly through one or more intermediaries, the party:

- (a) controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
- (b) has an interest in the entity that gives it significant influence over the entity; or
- (c) has joint control over the entity.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

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Notes to the Historical Financial Information (Cont'd)

4. Summary of significant accounting policies (cont'd)

4.21 Related parties (cont'd)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

4.22 GST

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statements of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

4.23 Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of EPCC contracts, contract asset is the excess of cumulative revenue earned over the billings to date. When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or have billed the customer. In the case of EPCC, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities also include outstanding operations and maintenance services to be rendered over several financial years.

4.24 Earnings per ordinary share

The Group presents basic and diluted EPS data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the years, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****4. Summary of significant accounting policies (cont'd)****4.25 Operating segments**

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

5. Significant accounting estimates and judgement

The preparation of financial statements in conformity with MFRS requires management to exercise their judgement in the process of applying the Group's accounting policies and the use of accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. Although these judgement and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions 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.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below.

(i) Areas with most significant uses of judgement and estimates**(a) The classification of finance and operating lease**

The Group classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgement, the Group considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of the lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****5. Significant accounting estimates and judgement (cont'd)****(i) Areas with most significant uses of judgement and estimates (cont'd)****(b) Classification of a property as an investment property or property, plant and equipment**

Certain property comprises of a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses its judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the asset's useful lives. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

(e) Measurement of income taxes

Liability for taxation is recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice of whether additional taxes will be payable. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimate of the tax payable. Such difference may impact the income tax in the period when such determination is made. The Group will adjust for the differences as over- or under-provision of income tax in the period in which those differences arise.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****5. Significant accounting estimates and judgement (cont'd)****(i) Areas with most significant uses of judgement and estimates (cont'd)****(f) Measurement of revenue**

Revenue is recognised when or as the control of the asset is transferred to customers and, depending on the terms of the contract, control of the asset may transfer over time or at a point in time.

- **EPCC (turnkey) for solar energy system**

For EPCC contracts where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the solar energy system to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the contracts. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the EPCC contracts. The estimated total construction and other related costs to be incurred up to the completion of EPCC contracts are based on contracted amounts and past experience and knowledge of the management to make estimates of the amounts to be incurred.

- **O&M of solar energy system**

For EPCC contracts that also include warranty and maintenance services subsequent to commissioning, this is an additional performance obligation on top of EPCC work. For these contracts, the Group has to allocate transaction price to each performance obligation on a relative stand-alone selling price basis. The Group allocates the transaction price to service warranty by estimating its standalone selling price applying the expected cost plus a margin approach. Under this approach, the Group forecasts its expected costs of satisfying a performance obligation and then add an appropriate margin to the service.

(g) Provision for defects liability

A provision is recognised when customer issues initial acceptance certificate after completion of EPCC contract, based on historical experience of the level of repairs and replacements required for solar PV system installed in the past. Where an abnormal defect is discovered on a product, the management will perform investigation to identify the cause. The total defects liability that will be incurred is highly dependent on the course of action that needs to be taken by the Group in consultation with the affected customer. It may vary significantly from provision estimated at reporting date.

(h) Provision for onerous contract

The Group estimates the provision for its EPCC contracts when it is inevitable that a loss will be incurred on performance of the contract. The provision is measured according to management's best estimate of expected unavoidable future costs to be incurred to complete the contract. The estimate includes an assessment of costs to be incurred to complete the EPCC contract and is therefore subject to significant uncertainty.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****6. Property, plant and equipment**

	Backup inverters	Computers	Containers	Electrical and installation	Freehold buildings	Freehold land	Furniture and fittings	Machine- ries	Motor vehicles	Office equipment	Renovation	Signboard	Solar farm	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 March 2019															
Cost															
At 1 April 2018	436,136	285,556	277,127	111,422	3,712,015	1,853,153	334,256	1,449,748	2,895,420	285,955	996,359	46,345	4,987,257	289,503	17,960,252
Additions	-	132,109	288,100	17,930	-	-	38,180	704,193	947,246	24,569	90,334	7,400	-	282,074	2,532,135
Disposals	-	-	-	-	-	-	-	-	(35,500)	-	-	-	-	-	(35,500)
Transfer to investment properties	-	-	-	-	(973,154)	-	-	-	-	-	-	-	-	-	(973,154)
At 31 March 2019	436,136	417,665	565,227	129,352	2,738,861	1,853,153	372,436	2,153,941	3,807,166	310,524	1,086,693	53,745	4,987,257	571,577	19,483,733
Accumulated depreciation															
At 1 April 2018	43,614	113,855	23,997	20,297	265,986	-	76,610	109,730	1,504,139	61,326	217,091	11,601	797,806	58,758	3,304,810
Charge for the financial year	43,613	65,613	52,340	11,291	64,288	-	33,771	395,159	539,473	30,557	103,941	5,066	199,491	47,697	1,592,300
Disposals	-	-	-	-	-	-	-	-	(28,683)	-	-	-	-	-	(28,683)
Transfer to investment properties	-	-	-	-	(66,499)	-	-	-	-	-	-	-	-	-	(66,499)
At 31 March 2019	87,227	179,468	76,337	31,588	263,775	-	110,381	504,889	2,014,929	91,883	321,032	16,667	997,297	106,455	4,801,928
Carrying amount															
At 31 March 2019	348,909	238,197	488,890	97,764	2,475,086	1,853,153	262,055	1,649,052	1,792,237	218,641	765,661	37,078	3,989,960	465,122	14,681,805

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****6. Property, plant and equipment (cont'd)**

	Backup inverters	Computers	Containers	Electrical and installation	Freehold buildings	Freehold land	Furniture and fittings	Machine- ries	Motor vehicles	Office equipment	Renovation	Signboard	Solar farm	Tools and equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 March 2018															
Cost															
At 1 April 2017	-	174,782	115,400	111,422	3,355,354	1,020,943	322,559	-	2,067,523	264,141	996,359	40,345	4,987,257	193,554	13,649,639
Additions	436,136	110,774	186,927	-	-	-	11,697	1,449,748	827,897	21,814	-	6,000	-	95,949	3,146,942
Disposals	-	-	(25,200)	-	-	-	-	-	-	-	-	-	-	-	(25,200)
Transfer from investment properties	-	-	-	-	356,661	832,210	-	-	-	-	-	-	-	-	1,188,871
At 31 March 2018	436,136	285,556	277,127	111,422	3,712,015	1,853,153	334,256	1,449,748	2,895,420	285,955	996,359	46,345	4,987,257	289,503	17,960,252
Accumulated depreciation															
At 1 April 2017	-	66,391	5,770	9,155	144,786	-	43,368	-	1,003,214	33,384	117,455	7,016	598,316	31,625	2,060,480
Charge for the financial year	43,614	47,464	19,697	11,142	67,107	-	33,242	109,730	500,925	27,942	99,636	4,585	199,490	27,133	1,191,707
Disposals	-	-	(1,470)	-	-	-	-	-	-	-	-	-	-	-	(1,470)
Transfer from investment properties	-	-	-	-	54,093	-	-	-	-	-	-	-	-	-	54,093
At 31 March 2018	43,614	113,855	23,997	20,297	265,986	-	76,610	109,730	1,504,139	61,326	217,091	11,601	797,806	58,758	3,304,810
Carrying amount															
At 31 March 2018	392,522	171,701	253,130	91,125	3,446,029	1,853,153	257,646	1,340,018	1,391,281	224,629	779,268	34,744	4,189,451	230,745	14,655,442

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****6. Property, plant and equipment (cont'd)**

	Computers RM	Containers RM	Electrical and installation RM	Freehold buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Solar farm RM	Tools and equipment RM	Total RM
At 31 March 2017													
Cost													
At 1 April 2016	107,787	-	29,150	3,355,354	1,020,943	95,103	1,499,662	68,173	373,907	14,245	4,985,607	150,741	11,700,672
Additions	66,995	115,400	82,272	-	-	227,456	567,861	195,968	622,452	26,100	1,650	42,813	1,948,967
At 31 March 2017	174,782	115,400	111,422	3,355,354	1,020,943	322,559	2,067,523	264,141	996,359	40,345	4,987,257	193,554	13,649,639
Accumulated depreciation													
At 1 April 2016	38,768	-	1,248	77,679	-	22,830	632,693	15,988	38,821	3,898	398,848	15,116	1,245,889
Charge for the financial year	27,623	5,770	7,907	67,107	-	20,538	370,521	17,396	78,634	3,118	199,468	16,509	814,591
At 31 March 2017	66,391	5,770	9,155	144,786	-	43,368	1,003,214	33,384	117,455	7,016	598,316	31,625	2,060,480
Carrying amount													
At 31 March 2017	108,391	109,630	102,267	3,210,568	1,020,943	279,191	1,064,309	230,757	878,904	33,329	4,388,941	161,929	11,589,159

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****6. Property, plant and equipment (cont'd)**

	Computers RM	Electrical and installation RM	Freehold buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Solar farm RM	Tools and equipment RM	Total RM
At 31 March 2016												
Cost												
At 1 April 2015	67,075	-	2,221,469	534,992	72,802	1,123,801	50,992	86,718	11,715	4,985,607	51,711	9,206,882
Additions	40,712	29,150	1,133,885	485,951	22,301	375,861	17,181	287,189	2,530	-	99,030	2,493,790
At 31 March 2016	107,787	29,150	3,355,354	1,020,943	95,103	1,499,662	68,173	373,907	14,245	4,985,607	150,741	11,700,672
Accumulated depreciation												
At 1 April 2015	20,530	-	14,351	-	14,011	374,162	10,081	19,041	2,544	199,424	5,433	659,577
Charge for the financial year	18,238	1,248	63,328	-	8,819	258,531	5,907	19,780	1,354	199,424	9,683	586,312
At 31 March 2016	38,768	1,248	77,679	-	22,830	632,693	15,988	38,821	3,898	398,848	15,116	1,245,889
Carrying amount												
At 31 March 2016	69,019	27,902	3,277,675	1,020,943	72,273	866,969	52,185	335,086	10,347	4,586,759	135,625	10,454,783

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****6. Property, plant and equipment (cont'd)**

The carrying amount of property, plant and equipment of the Group acquired under finance lease arrangement as disclosed in Note 18 of this report, is as follows:

	2019	2018	2017	2016
	RM	RM	RM	RM
Machineries	135,360	-	-	-
Motor vehicles	<u>1,405,419</u>	<u>935,813</u>	<u>599,837</u>	<u>667,035</u>

The carrying amount of property, plant and equipment of the Group pledged to secure banking facilities as disclosed in Note 17 of this report, is as follows:

	2019	2018	2017	2016
	RM	RM	RM	RM
Freehold buildings	2,475,086	3,446,029	3,210,568	3,277,675
Freehold land	1,853,153	1,853,153	1,020,943	1,020,943
Solar farm	<u>3,989,960</u>	<u>4,189,451</u>	<u>4,388,941</u>	<u>4,586,759</u>
	<u>8,318,199</u>	<u>9,488,633</u>	<u>8,620,452</u>	<u>8,885,377</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****7. Investment properties**

	2019	2018	2017	2016
	RM	RM	RM	RM
Buildings				
Cost				
At 1 April	-	832,210	832,210	832,210
Transfer to property, plant and equipment	-	(832,210)	-	-
Transfer from property, plant and equipment	973,154	-	-	-
At 31 March	<u>973,154</u>	<u>-</u>	<u>832,210</u>	<u>832,210</u>
Accumulated depreciation				
At 1 April	-	37,449	20,805	4,161
Depreciation charge for the year	19,463	16,644	16,644	16,644
Transfer to property, plant and equipment	-	(54,093)	-	-
Transfer from property, plant and equipment	66,499	-	-	-
At 31 March	<u>85,962</u>	<u>-</u>	<u>37,449</u>	<u>20,805</u>
Carrying amount				
At 31 March	<u>887,192</u>	<u>-</u>	<u>794,761</u>	<u>811,405</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****7. Investment properties (cont'd)**

	2019	2018	2017	2016
	RM	RM	RM	RM
Land				
Cost/Carrying amount				
At 1 April	-	356,661	356,661	356,661
Addition during the year	-	-	905,787	-
Classified as held for sale	-	-	(905,787)	-
Transfer to property, plant and equipment	-	(356,661)	-	-
At 31 March	<u>-</u>	<u>-</u>	<u>356,661</u>	<u>356,661</u>
Total investment properties	<u>887,192</u>	<u>-</u>	<u>1,151,422</u>	<u>1,168,066</u>

As at reporting date, investment properties comprise a commercial property on lease to a third party. The third-party lease was for a non-cancellable period of 2 years, with future minimum lease payments disclosed in Note 24 of this report. No contingent rents were charged.

Except the freehold building acquired and subsequently classified as held for sale, all investment properties of the Group are pledged to secure banking facilities, as disclosed in Note 17 of this report.

The following are recognised in profit or loss in respect of investment properties:

	2019	2018	2017	2016
	RM	RM	RM	RM
Rental income from external parties	<u>35,000</u>	<u>20,700</u>	<u>20,700</u>	<u>-</u>

The amount of operating expenses arising from investment properties are immaterial.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****7. Investment properties (cont'd)**

Fair value of investment properties are as follows:

	Level 3			
	2019 RM	2018 RM	2017 RM	2016 RM
Buildings and land	960,789	-	1,360,000	1,360,000

The fair value represents the amounts at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at each FYE. The fair value of the investment properties as at 31 March 2019, 2018, 2017 and 2016 respectively, was estimated by the Directors of the Group.

8. Intangible assets

	2019 RM	2018 RM	2017 RM	2016 RM
Trademarks				
Cost				
At 1 April	1,150	500	-	-
Addition during the year	-	650	500	-
At 31 March	1,150	1,150	500	-
Accumulated amortisation				
At 1 April	320	102	-	-
Amortisation charge during the year	115	218	102	-
At 31 March	435	320	102	-
Carrying amount				
At 31 March	715	830	398	-

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****8. Intangible assets (cont'd)**

	2019	2018	2017	2016
	RM	RM	RM	RM
Software				
Cost				
At 1 April	-	-	-	-
Addition during the year	708,013	-	-	-
At 31 March	<u>708,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated amortisation				
At 1 April	-	-	-	-
Amortisation charge during the year	77,083	-	-	-
At 31 March	<u>77,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount				
At 31 March	<u>630,930</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total intangible assets	<u>631,645</u>	<u>830</u>	<u>398</u>	<u>-</u>

Software is acquired under finance lease arrangement as disclosed in Note 18 of this report.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****9. Deferred tax assets and liabilities**

Deferred tax assets and liabilities relate to:

	2019 RM	2018 RM	2017 RM	2016 RM
Deferred tax assets	434,075	252,594	533,764	460,716
Deferred tax liabilities	(322,190)	(239,337)	(101,570)	(40,926)
	<u>111,885</u>	<u>13,257</u>	<u>432,194</u>	<u>419,790</u>
Deferred tax assets:				
Contract liabilities	52,430	76,982	495,222	458,250
Other payables and accruals	156,000	26,607	-	-
Provisions	79,428	123,377	-	-
Impairment loss on trade receivables	146,217	25,628	38,542	2,466
Total deferred tax assets	<u>434,075</u>	<u>252,594</u>	<u>533,764</u>	<u>460,716</u>
Deferred tax liabilities:				
Property, plant and equipment	322,190	239,337	101,570	40,926
Total deferred tax liabilities	<u>322,190</u>	<u>239,337</u>	<u>101,570</u>	<u>40,926</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****9. Deferred tax assets and liabilities (cont'd)**

The components and movements of the Group's deferred tax assets and liabilities are as follows:

	Contract liabilities RM	Other payables and accruals RM	Provisions RM	Impairment loss on trade receivables RM	Property, plant and equipment RM	Total RM
At 1 April 2015	554,226	-	-	-	-	554,226
Credited to profit or loss:						
- effects of early adoption of new MFRS	40,286	-	-	-	-	40,286
Restated as at 1 April 2015	594,512	-	-	-	-	594,512
(Charged)/credited to profit or loss:						
- origination and reversal of temporary differences	(136,262)	-	-	2,466	(40,926)	(174,722)
At 31 March 2016	458,250	-	-	2,466	(40,926)	419,790
Credited/(charged) to profit or loss:						
- origination and reversal of temporary differences	36,972	-	-	36,076	(60,644)	12,404
At 31 March 2017	495,222	-	-	38,542	(101,570)	432,194
(Charged)/credited to profit or loss:						
- origination and reversal of temporary differences	(418,240)	26,607	123,377	(12,914)	(137,767)	(418,937)
At 31 March 2018	76,982	26,607	123,377	25,628	(239,337)	13,257

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13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****9. Deferred tax assets and liabilities (cont'd)**

The components and movements of the Group's deferred tax assets and liabilities are as follows: (cont'd)

	Contract liabilities RM	Other payables and accruals RM	Provisions RM	Impairment loss on trade receivables RM	Property, plant and equipment RM	Total RM
At 1 April 2018	76,982	26,607	123,377	25,628	(239,337)	13,257
(Charged)/credited to profit or loss:						
- origination and reversal of temporary differences	(24,552)	129,393	(43,949)	104,054	(82,853)	82,093
- overprovision of deferred tax in prior year	-	-	-	16,535	-	16,535
At 31 March 2019	52,430	156,000	79,428	146,217	(322,190)	111,885

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****10. Trade receivables**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Non-current:					
Receivables from contracts with customers					
- external parties	(a)	267,861	449,592	136,716	-
Retention sum receivable					
- external parties		2,002,887	552,273	-	-
- related parties		171,424	-	-	-
		<u>2,442,172</u>	<u>1,001,865</u>	<u>136,716</u>	<u>-</u>
Current:					
Receivables from contracts with customers					
- external parties	(a)	14,331,175	3,964,611	5,777,625	5,603,156
- related parties		1,950	206,461	191,208	1,046,950
		<u>14,333,125</u>	<u>4,171,072</u>	<u>5,968,833</u>	<u>6,650,106</u>
Retention sum receivable					
- external parties		1,651,957	11,682	-	-
- related parties		171,424	-	-	-
		<u>16,156,506</u>	<u>4,182,754</u>	<u>5,968,833</u>	<u>6,650,106</u>
Less: Impairment loss		<u>(611,623)</u>	<u>(131,632)</u>	<u>(170,867)</u>	<u>(10,275)</u>
		<u>15,544,883</u>	<u>4,051,122</u>	<u>5,797,966</u>	<u>6,639,831</u>
Total trade receivables		17,987,055	5,052,987	5,934,682	6,639,831
Retention sum receivable		<u>(3,997,692)</u>	<u>(563,955)</u>	<u>-</u>	<u>-</u>
Trade receivables at amortised cost		<u>13,989,363</u>	<u>4,489,032</u>	<u>5,934,682</u>	<u>6,639,831</u>
At amortised cost:					
Receivable within one year		13,721,502	4,039,440	5,797,966	6,639,831
Receivable after one year		267,861	449,592	136,716	-
		<u>13,989,363</u>	<u>4,489,032</u>	<u>5,934,682</u>	<u>6,639,831</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****10. Trade receivables (cont'd)**

Movement of impairment loss on trade receivables is as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Balance at 1 April	131,632	170,867	10,275	-
Net impairment losses/ (gains) during the financial year				
- lifetime ECL allowances	1,209	(9,339)	14,572	10,275
- specific allowances	478,782	90,124	146,020	-
Bad debts written off	-	(120,020)	-	-
Balance at 31 March	<u>611,623</u>	<u>131,632</u>	<u>170,867</u>	<u>10,275</u>

All trade receivables are denominated in RM. Trade receivables are non-interest bearing (except trade receivables on deferred payment terms disclosed in Note 10(a)) and are generally on 30 days' term.

Trade receivables balance of RM3,594,796 (2018: RM420,521; 2017: RM628,242; 2016: RM377,504) is pledged to secure bank facilities as disclosed in Note 17 of this report.

Amount owing by related parties are unsecured, interest free, repayable on demand and are to be settled in cash. Also included in receivables from related parties are balances due from companies owned by shareholders of the Group.

(a) Trade receivables on deferred payment terms

The Group has arranged for past due receivables amounting to RM459,926 (2018: RM650,122; 2017: RM154,570; 2016: Nil) at reporting date to settle their balances under monthly instalment agreement with annual interest rates ranging from 0% to 5% (2018: 0% to 5%; 2017: 3.5% to 5%; 2016: Nil) and tenure ranging between 10 and 60 months (2018: 10 and 60 months; 2017: 36 and 60 months; 2016: Nil).

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****10. Trade receivables (cont'd)****(a) Trade receivables on deferred payment terms (cont'd)**

Analysis of trade receivables on deferred payment terms are as follows:

	2019	2018	2017	2016
	RM	RM	RM	RM
Nominal value				
At 1 April	813,240	236,769	-	-
Addition	-	652,780	249,743	-
Repayment	(316,661)	(76,309)	(12,974)	-
At 31 March	<u>496,579</u>	<u>813,240</u>	<u>236,769</u>	<u>-</u>
Discount				
At 1 April	163,118	82,199	-	-
Add: Accretion of discount	-	150,024	88,082	-
Less: Unwinding of discount	(94,473)	(52,087)	(4,520)	-
Less: Interest income	(31,992)	(17,018)	(1,363)	-
At 31 March	<u>36,653</u>	<u>163,118</u>	<u>82,199</u>	<u>-</u>
Carrying amount	<u>459,926</u>	<u>650,122</u>	<u>154,570</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****11. Other receivables, deposits and prepayments**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Non-current:					
Other receivable	(a)	<u>239,749</u>	<u>228,768</u>	<u>218,290</u>	<u>208,292</u>
Current:					
Other receivables					
- external parties		1,213,309	1,199,361	386,640	947,999
- related parties		-	76,015	231,544	49,188
Deposits		1,181,979	586,184	140,221	102,268
Prepayments		<u>8,209,815</u>	<u>877,622</u>	<u>243,366</u>	<u>294,392</u>
		<u>10,605,103</u>	<u>2,739,182</u>	<u>1,001,771</u>	<u>1,393,847</u>
Total other receivables, deposits and prepayments		10,844,852	2,967,950	1,220,061	1,602,139
Less: GST receivable		(326,823)	(279,102)	(120,543)	-
Less: Prepayments		<u>(8,209,815)</u>	<u>(877,622)</u>	<u>(243,366)</u>	<u>(294,392)</u>
Total other receivables and deposits carried at amortised cost		<u>2,308,214</u>	<u>1,811,226</u>	<u>856,152</u>	<u>1,307,747</u>

Amount owing by related parties are unsecured, interest free, repayable on demand and are to be settled in cash.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****11. Other receivables, deposits and prepayments (cont'd)****(a) Non-current other receivable**

This consists of premium refunds from life insurance policies of certain Directors of the Group pledged to a licensed financial institution to secure bank borrowings disclosed in Note 17 to the report. Premium for the policies have been fully paid. Premium refunds are receivable at expiry of the policies in financial year 2026.

Analysis of other receivable is as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Nominal value				
At 1 April	317,632	317,632	317,632	-
Addition	-	-	-	317,632
At 31 March	<u>317,632</u>	<u>317,632</u>	<u>317,632</u>	<u>317,632</u>
Discount				
At 1 April	88,864	99,342	109,340	-
Add: Accretion of discount	-	-	-	118,880
Less: Unwinding of discount	<u>(10,981)</u>	<u>(10,478)</u>	<u>(9,998)</u>	<u>(9,540)</u>
At 31 March	<u>77,883</u>	<u>88,864</u>	<u>99,342</u>	<u>109,340</u>
Carrying amount	<u>239,749</u>	<u>228,768</u>	<u>218,290</u>	<u>208,292</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****12. Inventories**

	2019 RM	2018 RM	2017 RM	2016 RM
Purchased materials	<u>2,029,613</u>	<u>1,429,797</u>	<u>1,542,022</u>	<u>1,222,888</u>

Inventories recognised as cost of sales during the financial year amounted to RM30,458,806 (2018: RM13,776,783; 2017: RM17,809,620; 2016: RM18,733,508).

13. Fixed deposits with financial institutions

Fixed deposits held by the Group are pledged to financial institutions for bank facilities granted to the Group, including fixed deposits of RM500,000 (2018: RM110,000; 2017: RM60,000; 2016: RM10,000) held in the name of a Director on behalf of the Group, for bank guarantee issued to the Group as disclosed in Note 24 (i) to the report.

At 31 March 2019, the weighted average interest rate of fixed deposits is 3.11% (2018: 2.87%; 2017: 2.78%; 2016: 2.76%) and their tenure range between 1 and 3 months (2018: 1 and 3 months; 2017: 1 and 3 months; 2016: 1 and 2 months).

14. Assets and liabilities of subsidiary held for sale

Arising from an internal restructuring exercise, the management of Atlantic Blue had made the decision to dispose one of the subsidiaries, Atlantic Ecocity Sdn. Bhd. prior to FYE 31 March 2017. Disposal was completed in July 2017. The assets and liabilities of the subsidiary held for sale prior to disposal are as follows:

	2017 RM
Asset classified as held for sale	
Investment property	<u>905,787</u>
Liabilities classified as held for sale	
Other payables and accruals	<u>680</u>

The carrying value of investment property of the disposal group is the same as its carrying value before it was being reclassified to assets held for sale.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**
Company No. 1247778-U**Accountants' Report****Notes to the Historical Financial Information (Cont'd)****15. Invested equity**

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

The movement in the authorised and paid-up share capital of the Company and its combining entities are as follows:

	2019		2018		2017		2016	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Solarvest								
Issued and fully paid-up:								
At 1 April/date of incorporation	2	2	2	2	-	-	-	-
Subdivision of existing shares	18	-	-	-	-	-	-	-
Issued during the financial year	80	8	-	-	-	-	-	-
At 31 March	100	10	2	2	-	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****15. Invested equity (cont'd)**

The movement in the authorised and paid-up share capital of the Company and its combining entities are as follows: (cont'd)

	2019		2018		2017		2016	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Atlantic Blue								
Authorised:								
At 1 April	-	-	-	-	1,000,000	1,000,000	400,000	400,000
Created during the financial year	-	-	-	-	-	-	600,000	600,000
Effects of adoption of the Act	-	-	-	-	(1,000,000)	(1,000,000)	-	-
At 31 March	-	-	-	-	-	-	1,000,000	1,000,000
Issued and fully paid-up:								
At 1 April	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	400,000	400,000
Issued during the financial year	-	-	-	-	-	-	600,000	600,000
At 31 March	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****15. Invested equity (cont'd)**

The movement in the authorised and paid-up share capital of the Company and its combining entities are as follows: (cont'd)

	2019		2018		2017		2016	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Powertrack								
Authorised:								
At 1 April	-	-	-	-	400,000	400,000	-	-
Created during the financial year	-	-	-	-	-	-	400,000	400,000
Effects of adoption of the Act	-	-	-	-	(400,000)	(400,000)	-	-
At 31 March	-	-	-	-	-	-	400,000	400,000
Issued and fully paid-up:								
At 1 April/date of incorporation	-	-	12,000	12,000	12,000	12,000	2	2
Issued during the financial year	-	-	-	-	-	-	19,998	19,998
Increase in equity by Atlantic Blue	-	-	(12,000)	(12,000)	-	-	(8,000)	(8,000)
At 31 March	-	-	-	-	12,000	12,000	12,000	12,000

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****15. Invested equity (cont'd)**

The movement in the authorised and paid-up share capital of the Company and its combining entities are as follows: (cont'd)

	2019		2018		2017		2016	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Solarvest Energy								
Authorised:								
At 1 April	-	-	-	-	-	-	-	-
Created during the financial year	-	-	-	-	400,000	400,000	-	-
Effects of adoption of the Act	-	-	-	-	(400,000)	(400,000)	-	-
At 31 March	-	-	-	-	-	-	-	-
Issued and fully paid-up:								
At 1 April/date of incorporation	-	-	6,000	6,000	3	3	-	-
Issued during the financial year	990,000	990,000	-	-	9,997	9,997	-	-
Increase in equity by Atlantic Blue	(990,000)	(990,000)	(6,000)	(6,000)	(4,000)	(4,000)	-	-
At 31 March	-	-	-	-	6,000	6,000	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****15. Invested equity (cont'd)**

The movement in the authorised and paid-up share capital of the Company and its combining entities are as follows: (cont'd)

	2019		2018		2017		2016	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Solarvest Energy (SR)								
Issued and fully paid-up:								
At date of incorporation	100	100	-	-	-	-	-	-
Subscribed by Solarvest Energy	(70)	(70)	-	-	-	-	-	-
Subscribed by non controlling interest	(30)	(30)	-	-	-	-	-	-
At 31 March	-	-	-	-	-	-	-	-
Total issued and paid-up share capital of the Group	1,000,100	1,000,010	1,000,002	1,000,002	1,018,000	1,018,000	1,012,000	1,012,000

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**15. Invested equity (cont'd)**

During FYE 31 March 2016, Atlantic Blue increased its issued and paid-up share capital from RM400,000 to RM1,000,000 by the allotment of 600,000 new ordinary shares of RM1 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration and rank pari passu in all respects with the existing shares of Atlantic Blue.

The new Act which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concept of "authorised share capital" and "par value" have been abolished. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

16. Retained earnings

The retained earnings of the Group are available for distribution by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to the Group that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****17. Bank borrowings**

	2019 RM	2018 RM	2017 RM	2016 RM
Non-current:				
Term loans				
- later than one year and not later than two years	1,147,212	1,095,017	1,026,753	950,895
- later than two years and not later than five years	2,285,128	3,043,237	3,432,024	3,223,793
- later than five years	2,366,085	2,783,045	3,519,309	4,719,650
	<u>5,798,425</u>	<u>6,921,299</u>	<u>7,978,086</u>	<u>8,894,338</u>
Current:				
Bank overdraft	-	764,355	331,096	703,018
Trade facilities:				
- Bankers acceptance	-	708,000	400,000	233,000
- Local bill purchase	6,583,304	-	-	-
Term loans	1,109,305	1,028,757	957,915	919,458
	<u>7,692,609</u>	<u>2,501,112</u>	<u>1,689,011</u>	<u>1,855,476</u>
Total bank borrowings	<u>13,491,034</u>	<u>9,422,411</u>	<u>9,667,097</u>	<u>10,749,814</u>

Bank overdraft, bankers acceptance, term loan 1, 2, 3, 6 and 7 are secured by:

- (i) Freehold land and buildings as disclosed in Note 6 and 7;
- (ii) Joint and several guarantee by certain Directors of the Group; and
- (iii) Life insurance policies of certain Directors of the Group.

Local bill purchase, term loan 4 and 5 are secured by:

- (i) Fixed deposits with licensed financial institutions as disclosed in Note 13;
- (ii) Joint and several guarantee by all Directors of the Group;
- (iii) Fixed charge over receivables from sale of electricity generated by solar farm and receivables of an EPCC contract for which trade facilities were approved for, as disclosed in Note 10;
- (iv) Fixed charge over a sinking fund account as disclosed in Note 33;
- (v) Life insurance policies of certain Directors of the Group as disclosed in Note 11 (a);
- (vi) Debenture with fixed charge over solar farm as disclosed in Note 6; and
- (vii) Credit guarantee by Credit Guarantee Corporation Malaysia Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****18. Finance lease liabilities**

	2019 RM	2018 RM	2017 RM	2016 RM
Non-current:				
- later than one year and not later than five years	1,095,697	911,706	454,250	392,053
Current:				
- not later than one year	610,519	471,246	259,128	184,750
Total finance lease	<u>1,706,216</u>	<u>1,382,952</u>	<u>713,378</u>	<u>576,803</u>
Future minimum finance lease payments:				
- not later than one year	693,106	539,524	291,288	208,152
- later than one year and not later than five years	1,167,987	983,690	488,699	413,187
	<u>1,861,093</u>	<u>1,523,214</u>	<u>779,987</u>	<u>621,339</u>
Less: Finance charges	<u>(154,877)</u>	<u>(140,262)</u>	<u>(66,609)</u>	<u>(44,536)</u>
Present value of minimum lease payments	<u>1,706,216</u>	<u>1,382,952</u>	<u>713,378</u>	<u>576,803</u>

Finance lease arrangement for certain motor vehicles of the Group are disclosed in Note 6 and Note 8 of this report.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****19. Redeemable preference shares**

	2019	Number of shares		2016
		2018	2017	
Issued and fully paid-up shares classified as debt instruments:				
At 1 April	-	-	-	-
Issuance of RPS	7,200,000	-	-	-
At 31 March	7,200,000	-	-	-
	2019 RM	2018 RM	2017 RM	2016 RM
Nominal value				
At 1 April	-	-	-	-
Issued during the financial year	7,200,000	-	-	-
At 31 March	7,200,000	-	-	-
Discount				
At 1 April	-	-	-	-
Add: Accretion of discount	2,731,601	-	-	-
Less: Unwinding of discount	(87,015)	-	-	-
At 31 March	2,644,586	-	-	-
Total RPS	4,555,414	-	-	-

On 20 January 2019, Atlantic Blue entered into subscription agreement with certain Directors of Atlantic Blue to settle an amount owing to the Directors of RM7,200,000 via issuance of 7,200,000 RPS at an issue price of RM1 each.

The salient features of the RPS are as follows:

- (i) They rank pari passu among themselves but in priority to all other shares of the Company;
- (ii) They are not be transferrable;
- (iii) They are not entitled to any form of dividend payment;
- (iv) Upon any winding up, liquidation or any return of capital of the Company, the holders of the shares shall have priority in the repayment of capital and all monies due over any payment to the holders of all other shares in the capital of the Company;
- (v) They do not carry the right to vote;
- (vi) The redemption price for each share is equivalent to its issuance price; and
- (vii) They are redeemable at the option of the Company at any time and shall be redeemed in full at the fifth anniversary of their issuance on 19 January 2024.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****20. Trade payables**

	2019 RM	2018 RM	2017 RM	2016 RM
Non-current:				
Retention sum payables	<u>503,428</u>	<u>133,647</u>	<u>18,185</u>	<u>-</u>
Current:				
Trade payables				
- external parties	23,765,219	2,854,384	1,961,983	1,130,139
- related parties	6,975	4,811	2,561	8,340
Retention sum payables	<u>1,702,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>25,474,478</u>	<u>2,859,195</u>	<u>1,964,544</u>	<u>1,138,479</u>
Total trade payables	25,977,906	2,992,842	1,982,729	1,138,479
Less: Retention sum payables	<u>(2,205,712)</u>	<u>(133,647)</u>	<u>(18,185)</u>	<u>-</u>
Trade payables at amortised cost	<u>23,772,194</u>	<u>2,859,195</u>	<u>1,964,544</u>	<u>1,138,479</u>

Trade payables are non-interest bearing. The normal credit terms granted to the Group range from 30 to 90 days (2018, 2017 and 2016: 30 to 90 days).

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****21. Other payables and accruals**

	2019 RM	2018 RM	2017 RM	2016 RM
Other payables				
- external parties	680,982	480,171	784,653	1,177,812
- related party	347	2,166	-	-
	681,329	482,337	784,653	1,177,812
Accruals	1,933,140	1,229,225	420,740	245,378
Deposits received	30,500	1,500	6,900	-
	<u>2,644,969</u>	<u>1,713,062</u>	<u>1,212,293</u>	<u>1,423,190</u>
Total other payables and accruals	2,644,969	1,713,062	1,212,293	1,423,190
Less: GST payables	-	(226,200)	(156,680)	-
Less: SST payables	(480)	-	-	-
Other payables and accruals at amortised cost	<u>2,644,489</u>	<u>1,486,862</u>	<u>1,055,613</u>	<u>1,423,190</u>

Other payables are non-interest bearing and have an average term of 3 months (2018, 2017 and 2016: 3 months). Amount owing to a related party is unsecured, interest free and repayable on demand in cash.

The provision for onerous contract is in relation to a contract in which the unavoidable cost to complete the contract has exceeded the estimated contract revenue. During FYE 31 March 2019, the contract has been completed.

22. Provisions

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Provision for onerous contract	(a)	-	514,072	-	-
Provision for defects liability	(b)	331,777	-	-	-
		<u>331,777</u>	<u>514,072</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****22. Provisions (cont'd)**

- (a) The provision for onerous contract is in relation to a contract which the unavoidable costs to complete the contract exceed its estimate contract revenue. The contract had been completed during the financial year.
- (b) Movement of provision for defects liability during the financial year:

	2019 RM
At 1 April 2018	-
Provision made during the financial year	336,906
Less: Provision used	(5,129)
At 31 March 2019	<u>331,777</u>

Upon issuance of initial acceptance certificate by customer after completion of EPCC contract for LSSPV, the Group gives one or two years of defects warranty on installed structure and undertake to repair or replace parts that fail to perform satisfactorily. Initial recognition of the provision is based on estimation of material, machines, contractor and labour costs during the defects liability period. The Group estimates costs to be incurred for each type of repair pertinent to scope of work for the LSSPV contract. Larger LSSPV contracts are expected to incur higher costs for the same type of repair due to their size.

Provision is not made for solar PV panels, inverters, mounting structure and monitoring devices used in the installation as the suppliers of those equipment provide standard warranty directly to end customer.

The Group uses its past experience of costs incurred to rectify defects for certain repairs common to all solar PV installation by adjusting them to the scale required for the respective LSSPV contract. It is expected that most of these costs will be incurred within one year from the reporting period.

23. Amount owing to Directors

Amount owing to Directors are advances of non-trade in nature, unsecured, interest free and repayable on demand in cash.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****24. Performance guarantee and commitments****(i) Performance guarantees and bonds**

In the ordinary course of business, the Group may obtain bank guarantee which the Group provides to customers to secure performance under contracts. A liability would only arise in the event the Group fails to fulfill its contractual obligations. The outstanding performance guarantees and bonds are as follows:

	2019	2018	2017	2016
	RM	RM	RM	RM
Secured:				
Performance guarantee to customers	3,421,730	110,000	60,000	10,000
Substitute bond in favour of EC for an EPCC contract	5,000,000	-	-	-
Tender bond to customers	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

All performance guarantees, substitute bond and tender bonds have expired on the date of this report.

Subsequent to reporting date, the Group provided a customer with a bank guarantee for performance bond amounting to RM417,500. The bank guarantee is secured by fixed deposit placement for RM500,000 and expires on 30 September 2020.

(ii) Leases as lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018	2017	2016
	RM	RM	RM	RM
Office equipment:				
Not later than one year	20,238	26,039	21,439	7,900
More than one year to five years	20,560	40,798	38,049	13,983
	<u>40,798</u>	<u>66,837</u>	<u>59,488</u>	<u>21,883</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****24. Performance guarantee and commitments (cont'd)****(ii) Leases as lessee (cont'd)**

The future minimum lease payments under non-cancellable operating leases are as follows:
(cont'd)

	2019	2018	2017	2016
	RM	RM	RM	RM
Land:				
Not later than one year	175,000	175,000	23,585	23,585
More than one year to five years	700,000	700,000	94,340	94,340
More than five years	2,625,000	2,800,000	400,945	424,530
	<u>3,500,000</u>	<u>3,675,000</u>	<u>518,870</u>	<u>542,455</u>
Office premises:				
Not later than one year	260,250	72,000	-	-
More than one year to five years	85,000	45,000	-	-
	<u>345,250</u>	<u>117,000</u>	<u>-</u>	<u>-</u>
Total future minimum lease payments	<u>3,886,048</u>	<u>3,858,837</u>	<u>578,358</u>	<u>564,338</u>

The Group leases a number of video conferencing system, laptops, software and laptop accessories under operating lease. The leases run for 3 years up to 29 February 2020.

For lease of land, a supplemental agreement was signed with the lessor during the financial year to revise yearly rental of land to RM175,000. Previously, rental of land was RM23,585 per year. The rental agreement is for a period of 25 years ending on 31 March 2039.

The tenure for lease of each office premises is two years.

There was no contingent rent recognised in expenses in the current financial year (2018, 2017 and 2016: Nil).

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****24. Performance guarantee and commitments (cont'd)****(iii) Leases as lessor**

The Group leases out a portion of its building held under property, plant and equipment and investment properties. The future minimum lease receivable under leases are as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Not later than one year	69,000	9,000	27,600	-
More than one year to five years	61,000	36,000	34,500	-
More than five years	126,000	135,000	-	-
	<u>256,000</u>	<u>180,000</u>	<u>62,100</u>	<u>-</u>

(iv) Capital expenditure commitment

	2019 RM	2018 RM	2017 RM	2016 RM
Plant and equipment: Contracted but not provided for	<u>-</u>	<u>389,717</u>	<u>192,217</u>	<u>-</u>

25. Revenue

	2019 RM	2018 RM	2017 RM	2016 RM
Revenue from contracts with customers	<u>112,201,282</u>	<u>45,069,465</u>	<u>39,008,591</u>	<u>35,286,481</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****25. Revenue (cont'd)****25.1 Disaggregation of revenue from contracts with customers**

The Group derives revenue from the transfer of goods and services over time in the following major product lines:

	EPCC of solar energy solution	O&M of solar energy system (note (a))	Sale of electricity through solar energy generation	Others (note (b))	Total
	RM	RM	RM	RM	RM
FYE 31 March 2019					
Segment revenue	117,312,420	362,449	1,574,620	2,632,691	121,882,180
Less: Intercompany revenue	(9,680,898)	-	-	-	(9,680,898)
Revenue from external customers	<u>107,631,522</u>	<u>362,449</u>	<u>1,574,620</u>	<u>2,632,691</u>	<u>112,201,282</u>
Timing of revenue recognition:					
- Over time	<u>107,631,522</u>	<u>362,449</u>	<u>1,574,620</u>	<u>2,632,691</u>	<u>112,201,282</u>

(a) Revenue from O&M of solar energy system included an amount of RM190,629 for O&M services provided to new customers and existing customers outside of the scope of promised maintenance services in their EPCC contracts.

(b) Others comprise of revenue recognised over time based on costs incurred to date as a proportion of the estimated total costs to be incurred on an electrical and fire protection installation works for a related party.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****25. Revenue (cont'd)****25.1 Disaggregation of revenue from contracts with customers (cont'd)**

The Group derives revenue from the transfer of goods and services over time in the following major product lines: (cont'd)

FYE 31 March 2018

Segment revenue	55,796,938	115,940	1,521,736	57,434,614
Less: Intercompany revenue	(12,365,149)	-	-	(12,365,149)
Revenue from external customers	43,431,789	115,940	1,521,736	45,069,465
Timing of revenue recognition:				
- Over time	43,431,789	115,940	1,521,736	45,069,465

FYE 31 March 2017

Segment revenue	41,428,351	69,080	1,977,545	43,474,976
Less: Intercompany revenue	(4,466,385)	-	-	(4,466,385)
Revenue from external customers	36,961,966	69,080	1,977,545	39,008,591
Timing of revenue recognition:				
- Over time	36,961,966	69,080	1,977,545	39,008,591

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****25. Revenue (cont'd)****25.1 Disaggregation of revenue from contracts with customers (cont'd)**

The Group derives revenue from the transfer of goods and services over time in the following major product lines: (cont'd)

FYE 31 March 2016	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
Segment revenue	33,315,099	37,180	1,934,202	35,286,481
Timing of revenue recognition: - Over time	33,315,099	37,180	1,934,202	35,286,481

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****25. Revenue (cont'd)****25.2 Contract assets and contract liabilities**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Contract assets	(a)	16,646,166	8,325,433	1,738,278	1,687,609
Contract liabilities	(a)	7,769,216	704,504	2,509,949	3,439,737

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for EPCC contracts of solar energy system. Contract assets are transferred to receivables when the rights become unconditional at the point of invoicing to customers.

Contract liabilities primarily relate to advance billings or payments received before work is performed and the Group's obligation to transfer services to customers for which the Group has allocated transaction price for service-type warranty to be provided to customers over several financial years. Contract liabilities are recognised as revenue as the Group performs under the contract.

(a) Movement in contract assets and contract liabilities

	2019 RM	2018 RM	2017 RM	2016 RM
Contract assets				
At 1 April	8,325,433	1,738,278	1,687,609	-
Net revenue recognised	84,983,145	41,220,797	30,899,199	28,160,294
Net progress billing	(76,662,412)	(34,633,642)	(30,848,530)	(26,472,685)
At 31 March	16,646,166	8,325,433	1,738,278	1,687,609
Contract liabilities				
At 1 April	704,504	2,509,949	3,439,737	2,477,136
Net revenue recognised	(25,452,888)	(2,326,932)	(6,131,847)	(5,191,985)
Net progress billing	32,517,600	521,487	5,202,059	6,154,586
At 31 March	7,769,216	704,504	2,509,949	3,439,737

Revenue recognised in FYE 31 March 2019 which was included in the contract liability balance at the beginning of the financial year is RM300,004 (2018: RM2,207,449; 2017: RM3,234,037; 2016: RM2,346,456).

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****25. Revenue (cont'd)****25.2 Contract assets and contract liabilities (cont'd)****(b) Amount due from/(to) companies in which certain Directors have financial interest**

	2019 RM	2018 RM	2017 RM	2016 RM
Contract assets	-	-	824,198	-
Contract liabilities	<u>795,796</u>	<u>-</u>	<u>-</u>	<u>-</u>

(c) Transaction price allocated to remaining performance obligation

The Group expects to recognise revenue from contract liabilities for service-type warranty as follows:

	2019 RM	2020 RM	Financial year ending				2024 RM	Total RM
			2021 RM	2022 RM	2023 RM			
FYE 2019								
Revenue from contract liabilities	-	182,472	141,020	85,580	40,700	5,500	455,272	
FYE 2018								
Revenue from contract liabilities	166,540	159,500	117,700	66,220	33,660	660	544,280	

The Group applying the practical expedient has not disclosed an explanation of when advance billings and payments received from customers before work is performed are expected to be recognised as revenue as they are part of EPCC contracts that have original expected duration from start to end of one year or less.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****26. Other income**

	2019 RM	2018 RM	2017 RM	2016 RM
Accretion of discount on RPS	2,731,601	-	-	-
Finance income:				
- unwinding of discount on trade receivables	94,473	52,087	4,520	-
- unwinding of discount on other receivables	10,981	10,478	9,998	9,540
- interest income on trade receivables	31,992	17,018	1,363	-
- interest income on fixed deposits	204,245	21,849	17,670	16,929
Insurance compensation	-	-	49,379	-
Gain on disposal of an associate	-	1	-	-
Gain on disposal of property, plant and equipment	16,683	9,779	-	-
Gain on disposal of a subsidiary	-	5,558	-	-
Rental income:				
- investment properties	35,000	29,700	20,700	-
- motor vehicles	152,160	65,094	-	-
- machineries	61,900	-	-	-
- others	9,000	-	-	-
Unrealised gain on foreign exchange	13,773	-	-	-
Others	16,941	748	-	-
	3,378,749	212,312	103,630	26,469

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****27. Finance costs**

	2019 RM	2018 RM	2017 RM	2016 RM
Bank overdraft interest	114,746	52,360	32,396	30,863
Finance lease interest	102,999	50,518	36,557	26,676
Letter of credit commission	13,520	-	-	-
Term loan interest	404,610	452,254	487,870	405,938
RPS interest (unwinding)	87,015	-	-	-
Trade facilities interest:				
- Bankers acceptance	-	68,909	20,723	2,222
- Local bill purchase	373,422	-	-	-
	1,096,312	624,041	577,546	465,699

28. Profit before tax

	2019 RM	2018 RM	2017 RM	2016 RM
Profit before tax is arrived at after charging/ (crediting):				
Accretion of discount on:				
- trade receivables	-	150,024	88,082	-
- other receivables	-	-	-	118,880
Amortisation of intangible assets	77,198	218	102	-
Bad debts written off, net	49,249	21,434	38,260	8,414
Depreciation of property, plant and equipment	1,592,300	1,191,707	814,591	586,312
Depreciation of investment properties:				
- building	19,463	16,644	16,644	16,644

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****28. Profit before tax (cont'd)**

	2019 RM	2018 RM	2017 RM	2016 RM
Profit before tax is arrived at after charging/ (crediting): (cont'd)				
Incorporation cost	4,960	4,500	-	-
Listing expenses	942,401	-	-	-
Loss on foreign exchange:				
- realised	168,659	19,530	6,221	3,021
Net impairment losses/ (gains) on trade receivables:				
- lifetime ECL allowances	1,209	(9,339)	14,572	10,275
- specific allowances	478,782	90,124	146,020	-
Provision for defects liability	336,906	-	-	-
Rental of:				
- computer	11,899	10,974	1,917	-
- office	162,750	24,000	26,000	54,102
- hostel	221,730	42,017	33,280	26,200
- equipment	33,196	19,717	14,525	13,940
- land	175,000	175,000	23,585	23,585
- warehouse	-	-	33,600	50,800
- others	4,210	47,485	10,214	9,984
(Reversal of)/provision for onerous contract	(514,072)	514,072	-	-
Share of loss on investment in an associate	-	1	-	-
Staff costs:				
- salaries, wages, bonuses and allowance	7,763,656	3,977,160	2,270,494	1,621,355
- defined contribution plan	903,214	406,323	221,063	158,655
- social security contribution	96,897	45,547	26,044	17,669
- other employee benefits	667,707	164,141	152,360	192,933

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****28. Profit before tax (cont'd)**

	2019 RM	2018 RM	2017 RM	2016 RM
Expenses recognised in cost of sales:				
Depreciation of property, plant and equipment	612,991	394,823	219,331	209,107
(Reversal of)/provision for onerous contract	(514,072)	514,072	-	-
Provision for defects liability	336,906	-	-	-
Realised loss on foreign exchange	127,611	-	-	-
Rental of:				
- hostel	177,880	-	-	-
- equipment	7,160	-	-	-
- land	175,000	175,000	23,585	23,585
Salaries, wages and allowance	3,559,379	2,109,484	1,151,823	665,890
Defined contribution plan	418,078	239,558	143,579	85,900
Social security contribution	49,965	21,633	6,389	-
Other employee benefits	267,052	52,759	8,829	-

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****29. Taxation**

	2019 RM	2018 RM	2017 RM	2016 RM
Income tax:				
Current year provision	823,549	401,697	730,437	880,530
Underprovision in prior year	397,324	247,182	-	-
	<u>1,220,873</u>	<u>648,879</u>	<u>730,437</u>	<u>880,530</u>
Deferred tax:				
Origination and reversal of temporary differences	(82,093)	418,937	(12,404)	174,722
Overprovision in prior year	(16,535)	-	-	-
	<u>(98,628)</u>	<u>418,937</u>	<u>(12,404)</u>	<u>174,722</u>
	<u>1,122,245</u>	<u>1,067,816</u>	<u>718,033</u>	<u>1,055,252</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****29. Taxation (cont'd)**

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

	2019 RM	2018 RM	2017 RM	2016 RM
Profit before tax	<u>12,240,450</u>	<u>9,306,059</u>	<u>7,218,721</u>	<u>5,208,155</u>
Malaysian statutory tax rate of 24%	2,937,708	2,233,454	1,732,493	1,249,957
Tax effect in respect of:				
Income exempted from taxation	(1,993,987)	(1,591,195)	(975,477)	(389,828)
Non-taxable income	(804,119)	(61,930)	(24,871)	(6,353)
Non-deductible expenses	637,673	270,305	28,410	226,476
Expenses eligible for double deduction	-	-	(2,078)	-
Difference in tax rate for small and medium companies in Malaysia	(35,819)	(30,000)	(40,444)	(25,000)
Underprovision of income tax in prior year	397,324	247,182	-	-
Overprovision of deferred tax in prior year	(16,535)	-	-	-
Tax expense for the year	<u>1,122,245</u>	<u>1,067,816</u>	<u>718,033</u>	<u>1,055,252</u>

Atlantic Blue has been granted pioneer status by Malaysian Investment Development Authority ("MIDA") for electricity generation by way of solar energy effective from 1 January 2015. Under the pioneer status, the profit derived from that activity is exempted from tax for a total of 5 years from 1 January 2015 to 31 December 2019, subject to further renewal of another 5 years.

Atlantic Blue's subsidiaries, Powertrack and Solarvest Energy were granted full tax exemption on statutory income derived from services rendered in connection with renewable energy by MIDA beginning from year of assessment 2016 to 2020 and 2017 to 2020 respectively.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****30. Discontinuing operations**

In July 2017, the Company has disposed one of the subsidiaries, Atlantic Ecocity Sdn. Bhd.. The assets and liabilities of the subsidiary was classified as held for sale as at 31 March 2017. The comparative statement of comprehensive income for FYE 31 March 2016 has been represented to show the discontinuing operations of the subsidiary separately from continuing operations of the Group.

	2017	2016
	RM	RM
Results of discontinuing operations		
Administrative expenses	(2,833)	(4,630)
Loss from discontinuing operation, net of tax	<u>(2,833)</u>	<u>(4,630)</u>
Cash flow used in discontinuing operations		
Net cash generated from operating activities	901,157	(60)
Net cash used in investing activities	(905,787)	-
Net cash generated from financing activities	-	100
Effect on cash flows	<u>(4,630)</u>	<u>40</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****31. Earnings per share**

Basic and diluted EPS are calculated by dividing the profit for the financial years attributable to owners of the Company by the weighted average number of ordinary shares in issue for the financial years.

For the purpose of this report, the number of ordinary shares for FYE 31 March 2016, 2017, 2018 and 2019 represent the weighted average aggregate ordinary shares issued of the Company and Atlantic Blue Group.

	2019	2018	2017	2016
Profit for the financial year attributable to owners of the Company (RM)	11,124,653	8,238,963	6,498,988	4,150,125
Weighted average number of ordinary shares at 31 March (unit)	1,000,100	1,000,002	1,018,000	1,012,000
Basic and diluted EPS (RM)	<u>11.12</u>	<u>8.24</u>	<u>6.38</u>	<u>4.10</u>

There were no dilutive potential equity instruments in issue as at each FYE that have dilutive effect to the EPS.

32. Dividend paid

	2019 RM	2018 RM	2017 RM	2016 RM
Ordinary dividend paid:				
- Final dividend (FYE 31 March 2017: 25 sen)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****33. Cash and cash equivalents**

	Note	2019 RM	2018 RM	2017 RM	2016 RM
Cash in hand		17,821	39,823	15,122	28,634
Cash at bank	(a)	14,173,422	2,836,258	3,884,649	643,801
Fixed deposits with financial institutions		8,235,392	661,231	598,015	532,838
		<u>22,426,635</u>	<u>3,537,312</u>	<u>4,497,786</u>	<u>1,205,273</u>
Less: Fixed deposits pledged		(8,235,392)	(661,231)	(598,015)	(532,838)
Less: Sinking fund account		(1,336,968)	-	-	-
Bank overdraft		<u>-</u>	<u>(764,355)</u>	<u>(331,096)</u>	<u>(703,018)</u>
		<u>12,854,275</u>	<u>2,111,726</u>	<u>3,568,675</u>	<u>(30,583)</u>

(a) Sinking fund account

Cash at bank as at year end includes an amount of RM1,336,968 (2018, 2017 and 2016: Nil) consisting of a percentage of proceeds from a specific EPCC contract as security for local bill purchase facilities disclosed in Note 17 of this report.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****34. Combining entities**

Details of the combining entities are as follows:

Name of combining entities	Principal place of business	Effective equity interest				Principal activities
		2019	At 31 March		2016	
		%	2018	2017	%	
			%	%		
Atlantic Blue	Malaysia	100	100	100	100	Provision of EPCC services for solar PV systems
Subsidiaries of Atlantic Blue:						
Atlantic Ecocity Sdn. Bhd. #	Malaysia	-	-	60	60	Property investment
Powertrack	Malaysia	100	100	100	100	Provision of design, testing and commissioning and repair and maintenance of solar PV system
Solarvest Energy	Malaysia	100	100	100	100	Provision of EPCC services for solar PV systems
Subsidiary of Solarvest Energy:						
Solarvest Energy (SR)	Malaysia	70	-	-	-	Provision of EPCC services for solar PV systems

Subsidiary was disposed during the previous financial year. The assets and liabilities of the subsidiary have been reclassified as held for sale at 31 March 2017.

On 29 March 2019, Solarvest Energy incorporated a subsidiary by the name of Solarvest Energy (SR). The new subsidiary has a share capital of RM100 represented by 100 ordinary shares, of which Solarvest Energy owns 70% of its equity interest. The remaining 30% equity interest is held by an individual unrelated to Solarvest Group. Solarvest Energy (SR) has not commenced operations since incorporation.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****34. Combining entities (cont'd)****Disposal of a subsidiary**

On 6 July 2017, Atlantic Blue disposed of its entire equity interest in a former subsidiary, Atlantic Ecocity Sdn. Bhd. for a consideration of RM60. The disposal had the following financial effects to the Group as at the date of disposal:

	2018 RM
Sales consideration in cash	60
Carrying amount of shares disposed of	-
Assets and liabilities derecognised:	
Investment property	905,787
Cash and cash equivalents	40
Payables and accruals	(914,990)
	(9,163)
Non-controlling interest derecognised (40%)	3,665
Company's share of net liabilities derecognised	(5,498)
Gain on disposal in profit or loss	5,558
Net cash flows, net of cash disposal, presented as investing activities in the statement of cash flows	20

35. Investment in an associate

	2018 RM
Unquoted shares, at cost	1
Share of loss on investment in an associate (50%)	(1)
	-

On 14 August 2017, Atlantic Blue acquired 50% equity interest (representing 1 ordinary share) in an associate, Sena Sports Sdn. Bhd. at a price of RM1. The principal activities of the associate entail operating facilities for sporting activities and to buy and sell goods generally used in sporting activities.

On 31 March 2018, Atlantic Blue disposed its entire equity interest of the associate for a consideration of RM1. The disposal resulted in a gain of RM1 during the financial year.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****36. Related party disclosures****36.1 Control relationship**

The Company has controlling related party relationship with its combining entities. Related parties of the Group include companies in which Directors of the Group, close family members of Directors and key management personnel have substantial financial interest.

36.2 Related party transactions

In addition to the transactions and balances detailed elsewhere in this report, the Group entered into following related party transactions during the financial year:

	2019 RM	2018 RM	2017 RM	2016 RM
Companies in which certain Directors and key management personnel of the Group have financial interest:				
<u>Trade transactions</u>				
Sales	2,639,245	113,220	5,717,673	10,014,417
Purchases	<u>(7,264)</u>	<u>(117,548)</u>	<u>(243,273)</u>	<u>(34,700)</u>
<u>Non-trade transactions</u>				
Payment on behalf	3,792	26,246	27,281	1,314,357
Payment on behalf of the Group	<u>-</u>	<u>(2,043)</u>	<u>-</u>	<u>(2,000)</u>
Companies in which close family members of certain Directors of the Group have financial interest:				
<u>Trade transactions</u>				
Sales	<u>-</u>	<u>788,000</u>	<u>332,958</u>	<u>-</u>
<u>Non-trade transactions</u>				
Payment on behalf	42,205	28,262	1,357,378	474,091
Rental income	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****36. Related party disclosures (cont'd)****36.2 Related party transactions (cont'd)**

In addition to the transactions and balances detailed elsewhere in this report, the Group entered into following related party transactions during the financial year: (cont'd)

	2019	2018	2017	2016
	RM	RM	RM	RM
Transaction with Directors, shareholders and their close family members:				
<u>Non-trade transactions</u>				
Payment on behalf	-	31,412	-	-
Transaction with former associate:				
<u>Non-trade transactions</u>				
Payment on behalf	15,239	477,906	-	-

The balances related to the above transactions are as disclosed on the combined statements of financial position and notes to this report.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****36. Related party disclosures (cont'd)****36.3 Key management personnel compensation**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The total compensation of the Group's Directors and other key management personnel are as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Directors' compensation:				
Directors' fees	-	-	-	50,000
Salaries and bonus received	814,000	585,000	602,500	534,000
Defined contribution plan	97,680	64,800	61,140	51,840
Social security contribution	2,770	2,902	3,106	1,808
Benefit-in-kind	22,500	2,775	11,100	11,100
	<u>936,950</u>	<u>655,477</u>	<u>677,846</u>	<u>648,748</u>
Other key management personnel's compensation:				
Salaries and bonus received	657,635	489,775	378,000	323,600
Defined contribution plan	71,577	47,016	33,150	30,248
Social security contribution	4,925	4,123	3,106	2,376
Benefit-in-kind	7,400	8,900	9,800	6,500
	<u>741,537</u>	<u>549,814</u>	<u>424,056</u>	<u>362,724</u>
Total key management personnel compensation	<u>1,678,487</u>	<u>1,205,291</u>	<u>1,101,902</u>	<u>1,011,472</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****37. Financial instruments****37.1 Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 4 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments of the Group in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Financial assets				
<u>Financial assets at amortised cost</u>				
Trade receivables	13,989,363	4,489,032	5,934,682	6,639,831
Other receivables and deposits	2,308,214	1,811,226	856,152	1,307,747
Contract assets	16,646,166	8,325,433	1,738,278	1,687,609
Fixed deposits with financial institutions	8,235,392	661,231	598,015	532,838
Cash and bank balances	14,191,243	2,876,081	3,899,771	672,435
	<u>55,370,378</u>	<u>18,163,003</u>	<u>13,026,898</u>	<u>10,840,460</u>
Financial liabilities				
<u>Financial liabilities at amortised cost</u>				
Trade payables	23,772,194	2,859,195	1,964,544	1,138,479
Other payables, accrual and deposits	2,644,489	1,486,862	1,055,613	1,423,190
Amount owing to Directors	-	-	460,205	876,846
Bank borrowings	13,491,034	9,422,411	9,667,097	10,749,814
Finance lease liabilities	1,706,216	1,382,952	713,378	576,803
Redeemable preference shares	4,555,414	-	-	-
	<u>46,169,347</u>	<u>15,151,420</u>	<u>13,860,837</u>	<u>14,765,132</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies**

The Group is exposed to financial risk arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree policies and procedure for the management of these risks, which are executed by the Group's Chief Executive Officer and Managing Director. The Group's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of those risks.

(i) Currency risk

The Group is exposed to currency risks as a result of its normal trading activities with foreign companies, denominated mainly in EUR, RMB, SGD and USD.

The Group's exposure to foreign currency at reporting date is as follows:

	EUR RM	RMB RM	SGD RM	USD RM
At 31 March 2019				
Other receivables	-	-	-	1,777
Trade payables	(274,524)	-	(53,719)	(4,433,914)
Net exposure	(274,524)	-	(53,719)	(4,432,137)
At 31 March 2018				
Other receivables	-	-	-	36,899
Trade payables	-	-	(53,719)	(38,870)
Net exposure	-	-	(53,719)	(1,971)
At 31 March 2017				
Other receivables	-	20,561	-	1,777
Trade payables	-	-	(21,097)	(5,334)
Net exposure	-	20,561	(21,097)	(3,557)
At 31 March 2016				
Other receivables	-	-	-	1,777
Net exposure	-	-	-	1,777

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(i) Currency risk (cont'd)**Currency risk sensitivity analysis

The following table details the sensitivity analysis for a reasonably possible change in foreign currencies as at the end of each reporting period, with all other variables held constant. The analysis assumes all the variables in particular, interest rates remained constant and ignores impact of forecasted sales and purchases.

	2019 Increase/ (decrease) RM	2018 Increase/ (decrease) RM	2017 Increase/ (decrease) RM	2016 Increase/ (decrease) RM
Effects on profit after tax				
EUR				
- strengthen by 10%	(20,864)	-	-	-
- weaken by 10%	<u>20,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
RMB				
- strengthen by 10%	-	-	1,563	-
- weaken by 10%	<u>-</u>	<u>-</u>	<u>(1,563)</u>	<u>-</u>
SGD				
- strengthen by 10%	(4,083)	(4,083)	(1,603)	-
- weaken by 10%	<u>4,083</u>	<u>4,083</u>	<u>1,603</u>	<u>-</u>
USD				
- strengthen by 10%	(336,842)	(150)	(270)	135
- weaken by 10%	<u>336,842</u>	<u>150</u>	<u>270</u>	<u>(135)</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(ii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its floating rate bank borrowings. Long-term trade receivables are charged a fixed rate and are not exposed to interest rate risk. Short-term receivables, deposits and payables are not significantly exposed to interest rate risk.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis for a reasonably possible change in the interest rates as the end of the reporting period, with all other variables held constant on bank borrowings of the Group:

	2019	2018	2017	2016
	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
	RM	RM	RM	RM
Effects on profit after tax				
- increase by 100 basis point	(58,848)	(42,994)	(51,915)	(46,644)
- decrease by 100 basis point	58,848	42,994	51,915	46,644

(iii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, contract customers, fixed deposits with financial institutions for facilities granted to the Group and bank balances. The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

(a) Trade receivables

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures.

Exposure to credit risk, credit quality and collateral

Trade receivable balances are monitored on an ongoing basis. As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of trade receivables as at the end of the reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(a) Trade receivables (cont'd)**Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables individually on an ongoing basis. At the end of the reporting period, approximately 39.98% (2018: 47.75%; 2017: 45.07%; 2016: 65.66%) of the Group's trade receivables were due from 5 major corporate customers.

Ageing analysis of trade receivables and impairment losses

The ageing analysis of the Group's trade receivables as at the end of reporting period is as follows:

	Gross amount RM	Impairment losses RM	Carrying amount RM
At 31 March 2019			
Not past due	7,661,564	-	7,661,564
Past due			
- less than 30 days	1,939,970	-	1,939,970
- 31 to 60 days	1,631,513	-	1,631,513
- over 60 days	3,367,939	(611,623)	2,756,316
	6,939,422	(611,623)	6,327,799
	14,600,986	(611,623)	13,989,363
Retention sum receivable			3,997,692
			17,987,055

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(a) Trade receivables (cont'd)**Ageing analysis of trade receivables and impairment losses (cont'd)

	Gross amount RM	Impairment losses RM	Carrying amount RM
At 31 March 2018			
Not past due	2,882,002	-	2,882,002
Past due			
- less than 30 days	842,530	-	842,530
- 31 to 60 days	130,806	-	130,806
- over 60 days	765,326	(131,632)	633,694
	<u>1,738,662</u>	<u>(131,632)</u>	<u>1,607,030</u>
	<u>4,620,664</u>	<u>(131,632)</u>	<u>4,489,032</u>
Retention sum receivable			<u>563,955</u>
			<u>5,052,987</u>
At 31 March 2017			
Not past due	1,726,582	-	1,726,582
Past due			
- less than 30 days	490,792	-	490,792
- 31 to 60 days	228,327	-	228,327
- over 60 days	3,659,848	(170,867)	3,488,981
	<u>4,378,967</u>	<u>(170,867)</u>	<u>4,208,100</u>
	<u>6,105,549</u>	<u>(170,867)</u>	<u>5,934,682</u>
At 31 March 2016			
Not past due	5,163,999	-	5,163,999
Past due			
- less than 30 days	6,097	-	6,097
- 31 to 60 days	281,637	-	281,637
- over 60 days	1,198,373	(10,275)	1,188,098
	<u>1,486,107</u>	<u>(10,275)</u>	<u>1,475,832</u>
	<u>6,650,106</u>	<u>(10,275)</u>	<u>6,639,831</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and trade receivables on deferred payment terms that are making payment according to agreed schedule.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(a) Trade receivables (cont'd)**Receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables which are past due but not impaired as they are substantially entities with good collection track record and no recent history of default.

The Group categorises a loan or receivable as impaired when a debtor fails to make contractual payments after more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about ageing analysis and amounts arising from expected credit losses for trade receivables.

The Group provides for lifetime expected credit losses for all trade receivables. The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product is expected to deteriorate over the next year, leading to increase in the number of defaults. The loss allowance provision as at the end of each reporting period is determined as follows:

	Current	30 days past due	90 days past due	180 days past due	210 days past due	More than 210 days past due	Total RM
At 31 March 2019							
Expected loss rate	0.11%	0.04%	0.32%	1.48%	-	0.71%	
Gross carrying amount (RM)	7,661,564	1,939,970	1,331,237	23,185	271,001	395,060	
Loss allowance provision (RM)	8,683	704	4,196	343	-	2,791	16,717
Impaired receivables (RM)							594,906
Total impairment							<u>611,623</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(a) Trade receivables (cont'd)**

	Current	30 days past due	90 days past due	180 days past due	210 days past due	More than 210 days past due	Total RM
At 31 March 2018							
Expected loss rate	-	0.85%	18.02%	1.48%	-	0.65%	
Gross carrying amount (RM)	2,882,002	842,530	4,146	356,705	-	351,065	
Loss allowance provision (RM)	-	7,168	747	5,294	-	2,299	15,508
Impaired receivables (RM)							116,124
Total impairment							<u>131,632</u>
At 31 March 2017							
Expected loss rate	-	0.98%	0.81%	1.25%	-	0.43%	
Gross carrying amount (RM)	1,726,582	490,792	147,616	1,306,450	40,020	573,170	
Loss allowance provision (RM)	-	4,816	1,192	16,357	-	2,482	24,847
Impaired receivables (RM)							146,020
Total impairment							<u>170,867</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(a) Trade receivables (cont'd)**

	Current	30 days past due	90 days past due	180 days past due	210 days past due	More than 210 days past due	Total RM
At 31 March 2016							
Expected loss rate	-	-	0.84%	1.59%	-	-	
Gross carrying amount (RM)	5,163,999	6,097	42,061	623,829	15,688	315,525	
Loss allowance provision (RM)	-	-	353	9,922	-	-	10,275
Impaired receivables (RM)							-
Total impairment							10,275

The above disclosures are relating to receivables band that the Directors of the Group have assessed with expected credit loss.

During the financial year, the Group made a write-off of trade receivables for RM49,249 (2018: RM21,434; 2017: RM38,260; 2016: RM8,414).

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(b) Other receivables**

The Group's non-current other receivable arises from premium refundable in financial year 2026 on expiry of life insurance coverage for certain Directors of the Group where the Group is the beneficiary.

Exposure to credit risk, credit quality and collateral

Other receivable balances are monitored on an ongoing basis.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

Ageing analysis of other receivables and impairment losses

The Group does not maintain ageing analysis for other receivables. Based on past experience, the Directors determine that no impairment is necessary in respect of other receivables.

There had been no allowance for impairment losses on other receivables during the FYE 31 March 2016, 2017, 2018 and 2019.

Receivables that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and other receivables on deferred payment terms that are making payment according to agreed schedule.

Receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these other receivables which are past due but not impaired as they are substantially entities with good collection track record and no recent history of default.

(c) Contract assets

The Group measures the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the zero historical default experience, customers' financial information and past trends of payments of each customer individually. All of these customers have low risk of default as they have a strong capacity to meet their debts. None of the amounts due from customers at the end of the reporting period is more than 180 days past due, hence no loss allowance is made.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for contract assets.

(d) Investments and other financial instruments

For other financial assets (including fixed deposits with financial institutions and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. Fixed deposits with financial institutions and bank balances are protected to an extent by Perbadanan Insurans Deposit Malaysia.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iii) Credit risk (cont'd)****(d) Investments and other financial instruments (cont'd)**Impairment losses

As at the end of the reporting period, there was no indication that investments and other financial instruments are impaired.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility of cash flow through the use of stand-by credit facilities.

The Group maintains a level of cash and cash equivalents and bank overdraft facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

	Interest rate per annum %	On demand or within one year RM	One to five years RM	More than five years RM
At 31 March 2019				
Trade payables	-	23,772,194	-	-
Other payables, accruals and deposits	-	2,644,489	-	-
Local bill purchase	7.51	6,583,304	-	-
Term loans	4.67 - 8.42	1,498,543	4,243,390	2,755,878
Finance lease liabilities	2.38 - 4.01	693,106	1,167,987	-
Redeemable preference shares	10.01	-	7,200,000	-
Total contractual undiscounted cash flow		35,191,636	12,611,377	2,755,878
Total carrying amount		36,926,003	9,083,451	2,366,085

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iv) Liquidity risk (cont'd)**

	Interest rate per annum %	On demand or within one year RM	One to five years RM	More than five years RM
At 31 March 2018				
Trade payables	-	2,859,195	-	-
Other payables and accruals and deposits	-	1,486,862	-	-
Bank overdraft	8.42	764,355	-	-
Bankers acceptance	5.79	708,000	-	-
Term loans	4.62 - 8.42	1,501,560	5,284,139	3,268,803
Finance lease liabilities	2.27 - 4.01	539,524	983,690	-
Total contractual undiscounted cash flow		7,859,496	6,267,829	3,268,803
Total carrying amount		7,323,702	5,107,202	2,720,516
At 31 March 2017				
Trade payables	-	1,964,544	-	-
Other payables, accruals and deposits	-	1,055,613	-	-
Amount owing to Directors	-	460,205	-	-
Bank overdraft	8.17	331,096	-	-
Bankers acceptance	5.79 - 6.06	400,000	-	-
Term loans	4.37 - 8.17	1,498,415	5,895,369	4,421,763
Finance lease liabilities	2.27 - 4.01	291,288	488,699	-
Total contractual undiscounted cash flow		6,001,161	6,384,068	4,421,763
Total carrying amount		5,428,501	4,913,027	3,519,309

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****38. Financial risk management objectives and policies (cont'd)****(iv) Liquidity risk (cont'd)**

	Interest rate per annum %	On demand or within one year RM	One to five years RM	More than five years RM
At 31 March 2016				
Trade payables	-	1,138,479	-	-
Other payables, accruals and deposits	-	1,423,190	-	-
Amount owing to Directors	-	876,846	-	-
Bank overdraft	8.17	703,018	-	-
Bankers acceptance	6.0	233,000	-	-
Term loans	4.42 - 8.17	1,497,350	5,909,223	5,864,661
Finance lease liabilities	2.27 - 3.20	208,152	413,187	-
Total contractual undiscounted cash flow		6,080,035	6,322,410	5,864,661
Total carrying amount		5,478,741	4,566,741	4,719,650

39. Fair value of financial instruments

The following classes of financial instruments are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (except prepayments and retention sum receivable)	10 and 11
Contract assets	25
Cash and cash equivalents	13 and 33
Trade and other payables (except GST and SST payable and retention sum payable)	20 and 21
Amount owing to Directors	23
Bank borrowings (current liabilities)	17
Finance lease liabilities (current liabilities)	18

The carrying amounts of the above financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

As at end of each reporting period, non-current trade receivables on deferred payment terms and other receivables are carried at fair value.

Fair value, which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the average market rate of interest at the end of the reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****39. Fair value of financial instruments (cont'd)**

As at end of each reporting period, the carrying amounts and fair values of term loans and finance lease liabilities of the Group are:

	2019 RM	2018 RM	2017 RM	2016 RM
Finance lease liabilities				
- carrying amount	1,706,216	1,382,952	713,378	576,803
- fair value	<u>1,775,306</u>	<u>1,445,467</u>	<u>742,907</u>	<u>596,758</u>
Term loans				
- carrying amount	6,907,730	7,950,056	8,936,001	9,813,796
- fair value	<u>6,942,131</u>	<u>7,996,461</u>	<u>9,000,093</u>	<u>9,907,311</u>

40. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group monitors its gearing ratio and manages its capital structure by making adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period.

The gearing ratio at reporting date is as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Total loans and borrowings (Note 17, 18 and 19)	19,752,664	10,805,363	10,380,475	11,326,617
Total equity	31,673,488	20,555,245	12,331,335	6,077,480
Gearing ratio (times)	<u>0.6</u>	<u>0.5</u>	<u>0.8</u>	<u>1.9</u>

The Group has complied with terms and conditions associated with the above loans and borrowings.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting**

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

The Group is organised into 3 main reportable segments as follows:

(a) EPCC of solar energy solution

Turnkey EPCC services in solar energy solution to customers in three categories: residential, commercial and industrial (roof-top projects) and large scale solar energy producers.

(b) O&M of solar energy system

Warranty of between 2 and 5 years to customers for workmanship defects, performance monitoring and on-site support and repair to ensure optimal operation of solar energy system installation.

(c) Sale of electricity through solar energy generation

Sale of electricity generated through its self-constructed solar plant to electric utility company, Tenaga Nasional Berhad under a 21-year renewable energy power purchase agreement.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly administrative expenses, finance costs, other receivables, tax recoverable/liabilities, fixed deposits with financial institutions, cash and bank balances, other payables and bank borrowings.

41.1 Business segments

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Others RM	Total RM
FYE 31 March 2019					
Revenue					
External revenue	107,631,522	362,449	1,574,620	2,632,691	112,201,282
Inter-segment revenue	9,680,898	-	-	-	9,680,898
	<u>117,312,420</u>	<u>362,449</u>	<u>1,574,620</u>	<u>2,632,691</u>	<u>121,882,180</u>
Combined adjustments					(9,680,898)
Combined revenue					<u>112,201,282</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1 Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Others RM	Total RM
FYE 31 March 2019					
Results					
Segment profit before interest and tax	20,675,032	32,950	1,140,864	132,084	21,980,930
Other income					3,072,143
Finance costs					(1,096,312)
Unallocated corporate expenses					(11,716,311)
Combined profit before tax					12,240,450
Income tax expense					(1,122,245)
Combined net profit					11,118,205
Segment profit before interest and tax includes the following:					
Depreciation of property, plant and equipment	413,501	-*	199,490	-	612,991
Finance income	(137,446)	-	-	-	(137,446)
Realised and unrealised losses/(gains) on foreign exchange, net	154,886	-	-	-	154,886
Rental expenses	185,040	-	175,000	-	360,040
Rental income	(169,160)	-	-	-	(169,160)
Impairment loss on trade receivables	479,991	-*	-	-	479,991
Reversal of provision for onerous contract	(514,072)	-	-	-	(514,072)

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1. Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Others RM	Total RM
FYE 31 March 2019					
Assets					
Segment assets:					
Property, plant and equipment	412,934	-*	3,989,960	-	4,402,894
Trade receivables	17,834,039	-*	153,016	-	17,987,055
Contract assets	16,646,166	-*	-	-	16,646,166
	<u>34,893,139</u>	<u>-</u>	<u>4,142,976</u>	<u>-</u>	<u>39,036,115</u>
Unallocated corporate assets					49,113,905
Total segment assets					<u>88,150,020</u>
Liabilities					
Segment liabilities:					
Trade payables	25,977,906	-*	-	-	25,977,906
Contract liabilities	7,313,944	455,272	-	-	7,769,216
	<u>33,291,850</u>	<u>455,272</u>	<u>-</u>	<u>-</u>	<u>33,747,122</u>
Unallocated corporate liabilities					22,729,410
Total segment liabilities					<u>56,476,532</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1. Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
FYE 31 March 2018				
Revenue				
External revenue	43,431,789	115,940	1,521,736	45,069,465
Inter-segment revenue	12,365,149	-	-	12,365,149
	<u>55,796,938</u>	<u>115,940</u>	<u>1,521,736</u>	<u>57,434,614</u>
Combined adjustments				(12,365,149)
Combined revenue				<u>45,069,465</u>
Results				
Segment profit before interest and tax	15,447,056	10,540	1,147,246	16,604,842
Other income				67,635
Finance costs				(624,041)
Unallocated corporate expenses				(6,742,377)
Combined profit before tax				9,306,059
Income tax expense				(1,067,816)
Combined net profit				<u>8,238,243</u>
Segment profit before interest and tax includes the following:				
Depreciation of property, plant and equipment	195,333	-*	199,490	394,823
Provision for onerous contract	514,072	-	-	514,072
Reversal of impairment loss on trade receivables	26,000	-*	-	26,000
Realised loss on foreign exchange	19,530	-	-	19,530
Accretion of discount on trade receivables	150,024	-*	-	150,024
Impairment loss on trade receivables	80,785	-*	-	80,785
Finance income	(79,583)	-	-	(79,583)
Rental income	(65,094)	-	-	(65,094)

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1 Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
FYE 31 March 2018				
Assets				
Segment assets:				
Property, plant and equipment	2,216,415	-*	4,189,451	6,405,866
Trade receivables	4,632,466	-*	420,521	5,052,987
Contract assets	8,325,433	-*	-	8,325,433
	<u>15,174,314</u>	<u>-</u>	<u>4,609,972</u>	<u>19,784,286</u>
Unallocated corporate assets				<u>17,500,802</u>
Total segment assets				<u>37,285,088</u>
Liabilities				
Segment liabilities:				
Trade payables	2,992,842	-*	-	2,992,842
Contract liabilities	160,224	544,280	-	704,504
	<u>3,153,066</u>	<u>544,280</u>	<u>-</u>	<u>3,697,346</u>
Unallocated corporate liabilities				<u>13,032,497</u>
Total segment liabilities				<u>16,729,843</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1 Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
FYE 31 March 2017				
Revenue				
External revenue	36,961,966	69,080	1,977,545	39,008,591
Inter-segment revenue	4,466,385	-	-	4,466,385
	<u>41,428,351</u>	<u>69,080</u>	<u>1,977,545</u>	<u>43,474,976</u>
Combined adjustments				(4,466,385)
Combined revenue				<u>39,008,591</u>
Results				
Segment profit before interest and tax	11,169,791	6,280	1,754,492	12,930,563
Other income				87,749
Finance costs				(577,546)
Unallocated corporate expenses				<u>(5,222,045)</u>
Combined profit before tax				7,218,721
Income tax expense				<u>(718,033)</u>
Combined net profit				<u>6,500,688</u>
Segment profit before interest and tax includes the following:				
Depreciation of property, plant and equipment	19,863	-*	199,468	219,331
Realised loss on foreign exchange	6,221	-	-	6,221
Accretion of discount on trade receivables	88,082	-*	-	88,082
Impairment loss on trade receivables	160,592	-*	-	160,592
Finance income	<u>(15,881)</u>	<u>-</u>	<u>-</u>	<u>(15,881)</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1 Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
FYE 31 March 2017				
Assets				
Segment assets:				
Property, plant and equipment	271,559	-*	4,388,941	4,660,500
Trade receivables	5,306,440	-*	628,242	5,934,682
Contract assets	1,738,278	-*	-	1,738,278
	<u>7,316,277</u>	<u>-</u>	<u>5,017,183</u>	<u>12,333,460</u>
Unallocated corporate assets				<u>16,678,329</u>
Total segment assets				<u>29,011,789</u>
Liabilities				
Trade payables	1,982,729	-*	-	1,982,729
Contract liabilities	2,091,509	418,440	-	2,509,949
	<u>4,074,238</u>	<u>418,440</u>	<u>-</u>	<u>4,492,678</u>
Unallocated corporate liabilities				<u>12,187,776</u>
Total segment liabilities				<u>16,680,454</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1 Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
FYE 31 March 2016				
Revenue				
External revenue	33,315,099	37,180	1,934,202	35,286,481
Inter-segment revenue	-	-	-	-
	<u>33,315,099</u>	<u>37,180</u>	<u>1,934,202</u>	<u>35,286,481</u>
Combined adjustments				-
Combined revenue				<u>35,286,481</u>
Results				
Segment profit before interest and tax	8,709,427	3,380	1,711,193	10,424,000
Other income				16,929
Finance costs				(465,699)
Unallocated corporate expenses				<u>(4,767,075)</u>
Combined profit before tax				5,208,155
Income tax expense				<u>(1,055,252)</u>
Combined net profit				<u>4,152,903</u>
Segment profit before interest and tax includes the following:				
Depreciation of property, plant and equipment	9,683	-*	199,424	209,107
Realised loss on foreign exchange	3,021	-	-	3,021
Accretion of discount on trade receivables	118,880	-*	-	118,880
Impairment loss on trade receivables	10,275	-*	-	10,275
Finance income	<u>(9,540)</u>	<u>-</u>	<u>-</u>	<u>(9,540)</u>

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.1 Business segments (cont'd)**

	EPCC of solar energy solution RM	O&M of solar energy system RM	Sale of electricity through solar energy generation RM	Total RM
FYE 31 March 2016				
Assets				
Segment assets:				
Property, plant and equipment	135,625	-*	4,586,759	4,722,384
Trade receivables	1,016,343	-*	377,504	1,393,847
Contract assets	1,687,609	-*	-	1,687,609
	<u>2,839,577</u>	<u>-</u>	<u>4,964,263</u>	<u>7,803,840</u>
Unallocated corporate assets				16,596,539
Total segment assets				<u>24,400,379</u>
Liabilities				
Trade payables	1,138,479	-*	-	1,138,479
Contract liabilities	3,164,957	274,780	-	3,439,737
	<u>4,303,436</u>	<u>274,780</u>	<u>-</u>	<u>4,578,216</u>
Unallocated corporate liabilities				13,744,683
Total segment liabilities				<u>18,322,899</u>

* O&M services are part and parcel of EPCC contracts and are performed using the same assets of the Group to the same EPCC customers. As it is relatively a small segment compared to EPCC services, further separation from EPCC services for several category of disclosures where their disclosures are not material have not been made.

13. ACCOUNTANTS' REPORT (Cont'd)**Solarvest Holdings Berhad**

Company No. 1247778-U

Accountants' Report**Notes to the Historical Financial Information (Cont'd)****41. Segment reporting (cont'd)****41.2 Major customers**

Revenue from external customers which individually contributed 10% or more to the total revenue is as follows:

	2019 RM	2018 RM	2017 RM	2016 RM
Asia Meranti Group	19,182,456	-	-	-
ET Energy (Malaysia) Sdn. Bhd.	31,588,407	-	-	-
CEEC Tianjin Electric Power (M) Sdn. Bhd.	13,902,592	-	-	-
Pensolar Sdn. Bhd.	-	11,893,137	-	-
Chin Hin Group Berhad and its subsidiaries	-	-	5,708,534	10,010,477
EVN Vision Sdn. Bhd.	-	-	4,526,937	-
EH Solar Farm Sdn. Bhd.	-	-	-	4,811,904
	<u>64,673,455</u>	<u>11,893,137</u>	<u>10,235,471</u>	<u>14,822,381</u>

The revenue is attributable to EPCC segment.

41.3 Geographical segments

The Group derives all its revenue in Malaysia, hence geographical segments information are not disclosed.

42. Significant events during the financial year

- (a) On 20 January 2019, Atlantic Blue entered into subscription agreement with certain Directors of Atlantic Blue to settle an amount owing to the Directors of RM7,200,000 via issuance of 7,200,000 RPS at an issue price of RM1 each.
- (b) On 30 January 2019, Solarvest entered into a conditional share sale agreement with Atlantic Blue Vendors to acquire the entire equity interest in Atlantic Blue comprising 1,000,000 ordinary shares for a total purchase consideration of RM26,261,600. The Acquisition is conditional upon the approval of the relevant authorities being obtained for the Listing of Solarvest within 12 months from agreement date.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

Notes to the Historical Financial Information (Cont'd)**43. Significant events after the financial year**

- (a) On 27 May 2019, the Company obtained approval from Bursa Securities for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE market of Bursa Securities.
- (b) On 15 July 2019, pursuant to the share sale agreement between the Company and Atlantic Blue Vendors, the Company issued and allotted 291,795,555 new ordinary shares of RM0.09 each to Atlantic Blue Vendors to acquire the entire equity interest in Atlantic Blue. The new ordinary shares of the Company rank pari passu in all respects with the existing ordinary shares of the Company.

Subsequent to the allotment of ordinary shares, Atlantic Blue Holdings Sdn Bhd and Chin Hin Group Berhad own 55% and 45% of the equity interest in the Company respectively.

13. ACCOUNTANTS' REPORT (Cont'd)

Solarvest Holdings Berhad

Company No. 1247778-U

Accountants' Report

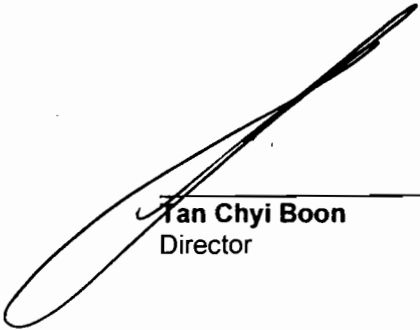
Statement by Directors

In the opinion of the Directors, the historical financial information of **Solarvest Holdings Berhad** (the "Group") as set out on pages 6 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 March 2016, 2017, 2018 and 2019, and of the financial performance and cash flows of the Group for each of the financial years ended 31 March 2016, 2017, 2018 and 2019.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors on 3 September 2019.



Lim Chin Siu
Director



Tan Chyi Boon
Director

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION



ECOVIS MALAYSIA PLT

(FKA ECOVIS AHL PLT)
(LLP0003185-LCA) & (AF 001825)
Chartered Accountants. Kuala Lumpur, Malaysia

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The Board of Directors
Solarvest Holdings Berhad
D-36-06, 3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

3 September 2019

Dear Sirs

SOLARVEST HOLDINGS BERHAD ("SOLARVEST" OR "THE COMPANY") AND ITS SUBSIDIARIES ("SOLARVEST GROUP" OR "THE GROUP")

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR INCLUSION IN THE PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma consolidated financial information of Solarvest Group prepared by the Board of Directors of the Company. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 March 2019 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma consolidated financial information has been prepared for inclusion in the prospectus of Solarvest in connection with the admission to the Official List and the listing of and quotation for the entire enlarged issued share capital of Solarvest on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated financial information are described in Note 2 to the pro forma consolidated statement of financial position, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The pro forma consolidated financial information has been compiled by the Board of Directors to illustrate the effects of the events or transactions as set out in Note 3 of the pro forma consolidated statement of financial position had they been implemented and completed on 31 March 2019, on the Group's financial position as at that date. As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the audited financial statements of the Group as at 31 March 2019.

ECOVIS MALAYSIA PLT (FKA ECOVIS AHL PLT) (LLP0003185-LCA) & (AF 001825) Chartered Accountants, No 9-3, Jalan 109F, Plaza Danau 2, Taman Danau Desa, 58100 Kuala Lumpur, Malaysia Phone: +60(3) 7981 1799 Fax: +60(3) 7980 4796 E-Mail: kuala-lumpur@ecovis.com.my

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



Directors' Responsibility for the Pro Forma Consolidated Financial Information

The Board of Directors is responsible for compiling the pro forma consolidated financial information on the basis as described in Note 2 to the pro forma consolidated statement of financial position and in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standard Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 2 of the pro forma consolidated statement of financial position.

We conducted our engagement in accordance with International Standards on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Accounting Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated financial information on the basis set out in Note 2 to the pro forma consolidated statement of financial position.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of the pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 March 2019, would have been as presented.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)



Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (i) the related pro forma adjustments give appropriate effect to those criteria; and
- (ii) the pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

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

Opinion

In our opinion, the pro forma consolidated financial information of the Group has been compiled, in all material respects, on the basis as set out in Note 2 of the pro forma consolidated statement of financial position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This report has been prepared solely for the purpose of inclusion in the prospectus of Solarvest in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Francis".

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

Kuala Lumpur

A large, stylized handwritten signature in black ink, appearing to read "CHUA KAH CHUN".

CHUA KAH CHUN
02696/09/2019 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

ECOVIS MALAYSIA PLT
(AF 001829)
Chartered Accountants
For identification purposes only

1.0 Abbreviations

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

AB Holdings	:	Atlantic Blue Holdings Sdn. Bhd. (1240450-P)
Atlantic Blue	:	Atlantic Blue Sdn. Bhd. (686139-X)
Atlantic Blue Group	:	Atlantic Blue and its subsidiaries, collectively
Atlantic Blue Vendors	:	Chin Hin and AB Holdings, collectively
ACE Market	:	ACE Market of Bursa Securities
Acquisition	:	Acquisition by Solarvest of the entire share capital of Atlantic Blue from the Atlantic Blue Vendors for a purchase consideration of RM26,261,600, wholly satisfied by the issuance of 291,795,555 new Shares at an issue price of RM0.09 per share, which was completed on 15 July 2019
Act	:	Companies Act, 2016
Board	:	Board of Directors of Solarvest
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Chin Hin	:	Chin Hin Group Berhad (1097507-W)
CMSA	:	Capital Markets and Services Act, 2007
Director(s)	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
FYE 31 March	:	Financial year ended 31 March
IFRS	:	International Financial Reporting Standards
Initial Public Offering or IPO	:	Our initial public offering comprising the Public Issue
IPO Price	:	Issue price of RM0.35 per Issue Share
Issue Share(s)	:	98,828,000 new Shares to be issued under the Public Issue
Listing	:	Listing of and quotation for our entire enlarged share capital of RM60,851,410 comprising 390,623,655 Shares on the ACE Market
Listing Scheme	:	Comprising the Public Issue and Listing, collectively
Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
MFRS	:	Malaysian Financial Reporting Standards

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

ECOVIS MALAYSIA PLT
(AF 001825)
Chartered Accountants
For identification purposes only

1.0 Abbreviations (Cont'd)

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

MITI	:	Ministry of International Trade and Industry Malaysia
NA	:	Net assets
Prospectus	:	This Prospectus dated 30 September 2019 in relation to our IPO
PPE	:	Property, plant and equipment
Powertrack	:	Powertrack Sdn. Bhd. (1173857-K)
Public Issue	:	Public issue of 98,828,000 Issue Shares at our IPO price
RPS	:	Redeemable preference shares issued by Atlantic Blue
RM or sen	:	Ringgit Malaysia and sen, respectively
Share(s) or Solarvest Share(s)	:	Ordinary share(s) in Solarvest
Solarvest Energy	:	Solarvest Energy Sdn. Bhd. (1194560-T)
Solarvest Energy (SR)	:	Solarvest Energy (SR) Sdn Bhd (1320152-A)
Solarvest or Company	:	Solarvest Holdings Berhad (1247778-U)
Solarvest Group or Group	:	Solarvest and its subsidiaries, collectively

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

ECOVIS MALAYSIA PLT
(AF 001823)
Chartered Accountants
For identification purposes only

2.0 Pro Forma Group and Basis of Preparation

2.1 Basis of Preparation

The pro forma consolidated statement of financial position of Solarvest Group has been prepared by the Board in a manner consistent with the format of the audited financial statements and accounting policies of the Group for the FYE 31 March 2019, in accordance with MFRS, IFRS and the requirements of the Prospectus Guidelines. The pro forma consolidated statement of financial position has been prepared solely for illustrative purposes, to show the effects of transactions as disclosed in Note 3.

The pro forma consolidated statement of financial position is consolidated using the merger method as both Solarvest and Atlantic Blue Group are under the common control of the same party both before and after the Acquisition. When the merger method is used, the difference between the cost of investment recorded by Solarvest and the share capital of the subsidiaries are accounted for as reorganisation reserve in the pro forma consolidated statement of financial position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which took part in the reorganisation exercise, was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the start of the earliest period presented in the financial statements.

The audited financial statements of the Group and of the Company as at 31 March 2019 were not subject to any audit qualification.

The pro forma financial information of the Group comprises the pro forma consolidated statement of financial position as at 31 March 2019, adjusted for the impact of the Acquisition (Note 2.2), Listing Scheme (Note 2.3) and utilisation of proceeds from the IPO (Note 3.1.3).

The pro forma financial information, because of its nature, may not reflect the actual financial position of the Group. Furthermore, such information does not predict the future financial position of the Group.

2.2 Acquisition

Subsequent to FYE 31 March 2019, Solarvest acquired the entire equity interest of Atlantic Blue from Atlantic Blue Vendors for a total purchase consideration of RM26,261,600, satisfied by the issuance of 291,795,555 new Solarvest Shares at RM0.09 per Share. The legal structure of the Solarvest Group is now formalised via completion of the Acquisition on 15 July 2019.

On 7 August 2019, Solarvest Energy (SR) increased its issued and paid-up share capital from RM100 to RM200,000 by allotting 199,900 new ordinary shares of RM1.00 each to its shareholders in proportion to their existing equity interest. The increase in non-controlling interest from subscribing for 30% of the new issue of shares is RM59,970.

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

ECOVIS MALAYSIA PLT
(AF 001825)
Chartered Accountants
For identification purposes only

2.0 Pro Forma Group and Basis of Preparation (Cont'd)

2.3 Listing Scheme

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of Solarvest on the ACE Market, the Company intends to undertake the following transactions:

2.3.1 Public Issue

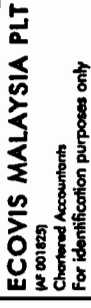
The Public Issue of 98,828,000 new Solarvest Shares, representing approximately 25.30% of the enlarged issued share capital at IPO Price amounting to RM34,589,800, payable in full on application, upon such terms and conditions as set out in the Prospectus, and will be allocated and allotted in the following manner:

- (a) 19,531,000 new Solarvest Shares made available for application by the Malaysian Public;
- (b) 19,531,000 new Solarvest Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 20,703,000 new Solarvest Shares made available by way of private placement to identified investors; and
- (d) 39,063,000 new Solarvest Shares made available by way of private placement to MITI approved investors.

2.3.2 Listing

The admission of Solarvest to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM60,851,410 comprising 390,623,655 Solarvest Shares shall be listed and quoted on the ACE Market upon completion of the Public Issue.

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

3.0 Pro Forma Consolidated Statement of Financial Position as at 31 March 2019

	Audited as at 31 March 2019 RM	Pro Forma I Acquisition RM	Pro Forma I After Acquisition RM	Pro Forma II Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Pro Forma III Utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Assets							
Non-current assets							
Property, plant and equipment	-	14,681,805	14,681,805	-	14,681,805	4,650,000	19,331,805
Investment properties	-	887,192	887,192	-	887,192	-	887,192
Intangible assets	-	631,645	631,645	-	631,645	-	631,645
Deferred tax assets	-	111,885	111,885	-	111,885	-	111,885
Trade receivables	-	2,442,172	2,442,172	-	2,442,172	-	2,442,172
Other receivables	-	239,749	239,749	-	239,749	-	239,749
	-	18,994,448	18,994,448	-	18,994,448	4,650,000	23,644,448
Current assets							
Inventories	-	2,029,613	2,029,613	-	2,029,613	-	2,029,613
Trade receivables	-	15,544,883	15,544,883	-	15,544,883	-	15,544,883
Other receivables, deposits and prepayments	166,732	10,438,371	10,605,103	-	10,605,103	(166,732)	10,438,371
Contract assets	-	16,646,166	16,646,166	-	16,646,166	-	16,646,166
Current tax assets	-	1,903,172	1,903,172	-	1,903,172	-	1,903,172
Fixed deposits with financial institutions	-	8,235,392	8,235,392	-	8,235,392	-	8,235,392
Cash and bank balances	10	14,191,233	14,191,243	34,589,800	48,781,043	(12,306,381)	36,474,662
	166,742	68,988,830	69,155,572	34,589,800	103,745,372	(12,473,113)	91,272,259
Total assets	166,742	87,983,278	88,150,020	34,589,800	122,739,820	(7,823,113)	114,916,707
Equity and liabilities							
Equity							
Share capital	10	26,261,600	26,261,610	34,589,800	60,851,410	(1,148,711)	59,702,699
Reorganisation reserve	-	(25,261,600)	(25,261,600)	-	(25,261,600)	-	(25,261,600)
Retained earnings	(1,019,655)	31,699,551	30,679,896	-	30,679,896	(1,308,888)	29,371,008
Equity attributable to owners of the Company	(1,019,645)	32,699,551	31,679,906	34,589,800	66,269,706	(2,457,599)	63,812,107
Non-controlling interest	-	(6,418)	(6,418)	-	(6,418)	-	(6,418)
Total equity	(1,019,645)	32,693,133	31,673,488	34,589,800	66,263,288	(2,457,599)	63,805,689

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

ECOVIS MALAYSIA PLT
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Chartered Accountants
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SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

3.0 Pro Forma Consolidated Statement of Financial Position as at 31 March 2019 (Cont'd)

	Audited as at 31 March 2019 RM	Acquisition RM	After Acquisition RM	Public Issue RM	After Pro Forma I and Public Issue RM	Utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Liabilities							
Non-current liabilities							
Bank borrowings	-	5,798,425	5,798,425	-	5,798,425	(2,239,289)	3,559,136
Finance lease liabilities	-	1,095,697	1,095,697	-	1,095,697	-	1,095,697
Redeemable preference shares	-	4,555,414	4,555,414	-	4,555,414	-	4,555,414
Trade payables	-	503,428	503,428	-	503,428	-	503,428
Contract liabilities	-	272,800	272,800	-	272,800	-	272,800
	-	12,225,764	12,225,764	-	12,225,764	(2,239,289)	9,986,475
Current liabilities							
Trade payables	-	25,474,478	25,474,478	-	25,474,478	-	25,474,478
Other payables and accruals	1,186,387	1,458,582	2,644,969	-	2,644,969	(365,514)	2,279,455
Provisions	-	331,777	331,777	-	331,777	-	331,777
Bank borrowings	-	7,692,609	7,692,609	-	7,692,609	(2,760,711)	4,931,898
Finance lease liabilities	-	610,519	610,519	-	610,519	-	610,519
Contract liabilities	-	7,496,416	7,496,416	-	7,496,416	-	7,496,416
	1,186,387	43,064,381	44,250,768	-	44,250,768	(3,126,225)	41,124,543
Total liabilities	1,186,387	55,290,145	56,476,532	-	56,476,532	(5,365,514)	51,111,018
Total equity and liabilities	166,742	87,983,278	88,150,020	34,589,800	122,739,820	(7,823,113)	114,916,707
Number of Solarvest Shares in issue	100		291,795,655		390,623,655		390,623,655
NA (RM)	(1,019,645)		31,679,906		66,269,706		63,812,107
NA per Share (RM)	(10,196)		0.11		0.17		0.16
Borrowings	-		19,752,664		19,752,664		14,752,664
Gearing (times) ⁽¹⁾	-		0.6		0.3		0.2
Current ratio (times) ⁽²⁾	0.1		1.6		2.3		2.2

⁽¹⁾ Calculated based on the total borrowings (i.e. finance lease liabilities, bank borrowings and RPS) of our Group divided by the total equity of our Group

⁽²⁾ Calculated based on total current assets divided by total current liabilities of our Group

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

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SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

3.1 Notes to Pro Forma Consolidated Statement of Financial Position

3.1.1 Pro Forma I

Pro Forma I incorporates the effects of Acquisition as set out in Note 2.2.

3.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the Public Issue and Listing as set out in Note 2.3.

3.1.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from the Public Issue.

The estimated gross proceeds from the Public Issue of RM34,589,800 will be utilised as follows:

	RM	Estimated time frame (from the listing date)
Business expansion ⁽¹⁾ :		
- Southern region of Peninsular Malaysia	700,000	Within 24 months
- Other Asian countries	2,300,000	Within 24 months
Capital expenditure	4,000,000	Within 18 months
Working capital	19,189,800	Within 24 months
Repayment of bank borrowings	5,000,000	Within 3 months
Estimated listing expenses ⁽²⁾	3,400,000	Within 1 month
	<u>34,589,800</u>	

Notes:

⁽¹⁾ Purchase of furniture and fittings, equipment and machinery during business expansion to southern region of Peninsular Malaysia and other Asian countries is estimated at RM650,000

⁽²⁾ An amount of RM1,148,711 from total listing expenses (including RM166,732 recognised in prepayments as at 31 March 2019) is to be offset against equity on completion of the Listing. For the remaining estimated listing expenses of RM2,251,289, an amount of RM942,401 has been charged to profit or loss during the FYE 31 March 2019. The balance of RM1,308,888 will be charged to profit or loss as incurred

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

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SOLARVEST HOLDINGS BERHAD
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AS AT 31 MARCH 2019

3.2 Pro Forma Effects on Financial Statement Line Items

3.2.1 Effects on PPE

	RM	RM
As audited on 31 March 2019		-
<u>Pro Forma I:</u>		
Acquisition		14,681,805
After effects of Pro Forma I, II		14,681,805
<u>Pro Forma III:</u>		
Utilisation of proceeds from Public Issue:		
- Acquisition of PPE as part of business expansion	650,000	
- Capital expenditure	4,000,000	4,650,000
After effects of Pro Forma III		19,331,805

3.2.2 Effects on Other Receivables, Deposits and Prepayments (Current Assets)

	RM
As audited on 31 March 2019	166,732
<u>Pro Forma I:</u>	
Acquisition	10,438,371
After effects of Pro Forma I, II	10,605,103
<u>Pro Forma III:</u>	
Utilisation of proceeds from Public Issue:	
- Estimated listing expenses ⁽¹⁾	(166,732)
After effects of Pro Forma III	10,438,371

Note:

⁽¹⁾ RM166,732 of share issue costs has been recognised in prepayments as at 31 March 2019

3.2.3 Effects on Cash and Bank Balances

	RM	RM
As audited on 31 March 2019		10
<u>Pro Forma I:</u>		
Acquisition		14,191,233
After effects of Pro Forma I		14,191,243
<u>Pro Forma II:</u>		
Public Issue		34,589,800
After effects of Pro Forma II		34,589,800
<u>Pro Forma III:</u>		
Utilisation of proceeds from Public Issue:		
- Acquisition of PPE as part of business expansion	(650,000)	
- Capital expenditure	(4,000,000)	
- Repayment of bank borrowings	(5,000,000)	
- Payment for estimated listing expenses	(2,656,381)	(12,306,381)
After effects of Pro Forma III		22,283,419

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
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AS AT 31 MARCH 2019

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3.2 Pro Forma Effects on Financial Statement Line Items (Cont'd)

3.2.4 Effects on Share Capital

	No. of shares	RM
As audited on 31 March 2019	100	10
<u>Pro Forma I:</u>		
Acquisition:		
- Shares issued on Acquisition	291,795,555	26,261,600
After effects of Pro Forma I	291,795,655	26,261,610
<u>Pro Forma II:</u>		
Public Issue	98,828,000	34,589,800
After effects of Pro Forma II	390,623,655	60,851,410
<u>Pro Forma III:</u>		
Utilisation of proceeds from Public Issue:		
- Estimated listing expenses offset against equity	-	(1,148,711)
After effects of Pro Forma III	390,623,655	59,702,699

3.2.5 Effects on Reorganisation Reserve

	RM
As audited on 31 March 2019	-
<u>Pro Forma I:</u>	
Acquisition:	
- Shares issued on Acquisition	(26,261,600)
- Elimination of ordinary shares of Atlantic Blue	1,000,000
After effects of Pro Forma I, II, III	(25,261,600)

3.2.6 Effects on Retained Earnings

	RM
As audited on 31 March 2019	(1,019,655)
<u>Pro Forma I:</u>	
Acquisition	31,699,551
After effects of Pro Forma I, II	30,679,896
<u>Pro Forma III:</u>	
Utilisation of proceeds from Public Issue:	
- Estimated listing expenses charged to profit or loss	(1,308,888)
After effects of Pro Forma III	29,371,008

3.2.7 Effects on Bank Borrowings (Current and Non-current Liabilities)

	RM
As audited on 31 March 2019	-
<u>Pro Forma I:</u>	
Acquisition	13,491,034
After effects of Pro Forma I, II	13,491,034
<u>Pro Forma III:</u>	
Utilisation of proceeds from Public Issue:	
- Repayment of bank borrowings	(5,000,000)
After effects of Pro Forma III	8,491,034

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14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

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3.2 Pro Forma Effects on Financial Statement Line Items (Cont'd)

3.2.8 Effects on other payables and accruals

	RM
As audited on 31 March 2019	1,186,387
<u>Pro Forma I:</u>	
Acquisition	1,458,582
After effects of Pro Forma I, II	2,644,969
<u>Pro Forma III:</u>	
Utilisation of proceeds from Public Issue:	
- Settlement of payables for listing expenses recognised at 31 March 2019	(365,514)
After effects of Pro Forma III	2,279,455

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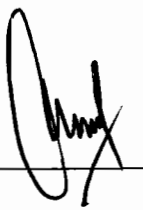
14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

SOLARVEST HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

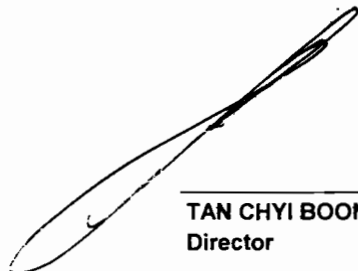
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4.0 Approval by the Board of Directors

The pro forma consolidated statement of financial position is approved by the Board of Directors of Solarvest Holdings Berhad in accordance with Directors' resolution dated 3 September 2019.



LIM CHIN SIU
Director



TAN CHYI BOON
Director

15. STATUTORY AND OTHER INFORMATION**15.1 SHARE CAPITAL**

- (i) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) Save for our Pink Form Allocations as disclosed in Section 4.3.2, as at the date of this Prospectus:
 - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iii) Save as disclosed in Sections 6.2, 6.3.1, 6.3.2 and 15.2, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (iv) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (v) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES**15.2.1 Atlantic Blue**

Atlantic Blue was incorporated on 26 March 2005 as San Hong Metal & Steel Sdn Bhd and then changed its name to Atlantic Blue on 18 March 2008.

Atlantic Blue's share capital as at LPD is RM8,200,000 comprising 1,000,000 ordinary shares and 7,200,000 RPS. The movements in the share capital of Atlantic Blue since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Consideration/ Type of issue	Cumulative share capital RM
26 March 2005	2	RM2/ Subscribers' shares	2
8 August 2005	1	RM1/ Cash	3
14 February 2012	99,997	RM99,997/ Cash	100,000
12 August 2014	300,000	RM300,000/ Otherwise than cash	400,000
5 August 2015	600,000	RM600,000/ Cash	1,000,000

Date of allotment	No. of RPS allotted	Consideration/ Type of issue	Cumulative share capital RM
13 February 2019	7,200,000	RM7,200,000/ Otherwise than cash	7,200,000

15. STATUTORY AND OTHER INFORMATION (Cont'd)

On 17 June 2008, the first subscribers (Lee Ching Hong and Lee Kok San) together with Lee Seng Ho sold 3 ordinary shares owned by them to Ng Weng Keng and Ng Weng Kim.

On 14 February 2012, Lim Chin Siu, Tan Chyi Boon and Tan Paw Boon invested RM99,997 into Atlantic Blue and on 20 February 2012, purchased 3 existing ordinary shares from Ng Weng Keng and Ng Weng Kim to control 100% equity interest in Atlantic Blue and began the business operations in solar PV industry.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Atlantic Blue. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)**Changes in Atlantic Blue's substantial shareholders' shareholdings**

The changes in Atlantic Blue's substantial shareholders' respective shareholdings for the past 3 years are as follows:

Name	As at 31 March 2016			As at 31 March 2017			As at 31 March 2018		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
Lim Chin Siu	350,000	35.0	-	-	350,000	35.0	-	-	(1)550,000
Tan Chyi Boon	350,000	35.0	-	-	350,000	35.0	-	-	(1)550,000
Tan Paw Boon	300,000	30.0	-	-	300,000	30.0	-	-	-
AB Holdings	-	-	-	-	-	-	550,000	55.0	-
Chin Hin	-	-	-	-	-	-	450,000	45.0	-
Divine Inventions	-	-	-	-	-	-	-	-	(2)450,000
PP Chin Hin Realty	-	-	-	-	-	-	-	-	(3)450,000
Datuk Seri Chiau Beng Teik	-	-	-	-	-	-	-	-	(4)450,000
Chiau Haw Choon	-	-	-	-	-	-	-	-	(4)450,000
Datin Seri Wong Mee Leng	-	-	-	-	-	-	-	-	(4)450,000

Name	As at 31 March 2019			As at LPD		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Chin Siu	-	-	(1)550,000	55.0	-	(1)1,000,000
Tan Chyi Boon	-	-	(1)550,000	55.0	-	(1)1,000,000
Tan Paw Boon	-	-	-	-	-	-
Solarvest	-	-	-	100.0	1,000,000	-
AB Holdings	550,000	55.0	-	-	-	-
Chin Hin	450,000	45.0	-	-	-	-
Divine Inventions	-	-	(2)450,000	45.0	-	(2)1,000,000
PP Chin Hin Realty	-	-	(3)450,000	45.0	-	(3)1,000,000
Datuk Seri Chiau Beng Teik	-	-	(4)450,000	45.0	-	(4)1,000,000
Chiau Haw Choon	-	-	(4)450,000	45.0	-	(4)1,000,000
Datin Seri Wong Mee Leng	-	-	(4)450,000	45.0	-	(4)1,000,000

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Notes:**

- (1) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (2) Deemed interest by virtue of its interest in Chin Hin pursuant to Section 8 of the Act
- (3) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (4) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act

15.2.2 Powertrack

Powertrack's share capital as at LPD is RM20,000 comprising 20,000 ordinary shares. The movements in the share capital of Powertrack since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
26 January 2016	2	RM2/ Subscribers' shares	2
22 March 2016	19,998	RM19,998/ Cash	20,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Powertrack. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Changes in Powertrack's substantial shareholders' shareholdings**

The changes in Powertrack's substantial shareholders' respective shareholdings since its incorporation are as follows:

Name	As at incorporation			As at 31 March 2017			As at 31 March 2018		
	No. of Shares	%	Indirect	No. of Shares	%	Direct	No. of Shares	%	Indirect
Lim Chin Siu	1	50.0	-	-	-	6,000	-	-	(2)20,000
Tan Chyi Boon	1	50.0	-	-	-	6,000	-	-	(2)20,000
Tan Paw Boon	-	-	-	-	-	-	-	-	-
Atlantic Blue	-	-	-	-	-	8,000	20,000	100.0	-
AB Holdings	-	-	-	-	-	-	-	-	(3)20,000
Chin Hin	-	-	-	-	-	-	-	-	(3)20,000
Divine Inventions	-	-	-	-	-	-	-	-	(4)20,000
PP Chin Hin Realty	-	-	-	-	-	-	-	-	(5)20,000
Datuk Seri Chiau Beng Teik	-	-	-	-	-	-	-	-	(6)20,000
Chiau Haw Choon	-	-	-	-	-	-	-	-	(6)20,000
Datin Seri Wong Mee Leng	-	-	-	-	-	-	-	-	(6)20,000

Name	As at 31 March 2019			As at LPD		
	No. of Shares	%	Indirect	No. of Shares	%	Indirect
Lim Chin Siu	-	-	(2)20,000	100.0	-	(2)20,000
Tan Chyi Boon	-	-	(2)20,000	100.0	-	(2)20,000
Tan Paw Boon	-	-	-	-	-	-
Atlantic Blue	20,000	100.0	-	20,000	100.0	-
AB Holdings	-	-	(3)20,000	100.0	-	(3)20,000
Chin Hin	-	-	(3)20,000	100.0	-	(3)20,000
Divine Inventions	-	-	(4)20,000	100.0	-	(4)20,000
PP Chin Hin Realty	-	-	(5)20,000	100.0	-	(5)20,000
Datuk Seri Chiau Beng Teik	-	-	(6)20,000	100.0	-	(6)20,000
Chiau Haw Choon	-	-	(6)20,000	100.0	-	(6)20,000
Datin Seri Wong Mee Leng	-	-	(6)20,000	100.0	-	(6)20,000

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Notes:**

- (1) Deemed interest by virtue of his interest in Atlantic Blue pursuant to Section 8 of the Act
- (2) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (3) Deemed interest by virtue of its interest in Atlantic Blue pursuant to Section 8 of the Act
- (4) Deemed interest by virtue of its interest in Chin Hin pursuant to Section 8 of the Act
- (5) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (6) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act

15.2.3 Solarvest Energy

Solarvest Energy's share capital as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares. The movements in the share capital of Solarvest Energy since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/	Cumulative share
		Type of issue	capital
			RM
14 July 2016	3	RM3/ Subscribers' shares	3
12 October 2016	9,997	RM9,997/ Cash	10,000
26 February 2019	990,000	RM990,000/ Otherwise than cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Solarvest Energy. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Changes in Solarvest Energy's substantial shareholders' shareholdings**

The changes in Solarvest Energy's substantial shareholders' respective shareholdings since its incorporation are as follows:

Name	As at incorporation			As at 31 March 2017			As at 31 March 2018		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
Lim Chin Siu	1	33.4	-	-	2,000	20.0	(1)4,000	40.0	(2)10,000
Tan Chyi Boon	1	33.3	-	-	2,000	20.0	(1)4,000	40.0	(2)10,000
Chong Chun Shiong	1	33.3	-	-	2,000	20.0	-	-	-
Atlantic Blue	-	-	-	-	4,000	40.0	-	-	-
AB Holdings	-	-	-	-	-	-	-	10,000	100.0
Chin Hin	-	-	-	-	-	-	-	-	(3)10,000
Divine Investigations	-	-	-	-	-	-	-	-	(3)10,000
PP Chin Hin Realty	-	-	-	-	-	-	-	-	(4)10,000
Datuk Seri Chiau Beng Teik	-	-	-	-	-	-	-	-	(5)10,000
Chiau Haw Choon	-	-	-	-	-	-	-	-	(6)10,000
Datin Seri Wong Mee Leng	-	-	-	-	-	-	-	-	(6)10,000

Name	As at 31 March 2019			As at LPD		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Chin Siu	-	-	(2)1,000,000	100.0	-	(2)1,000,000
Tan Chyi Boon	-	-	(2)1,000,000	100.0	-	(2)1,000,000
Chong Chun Shiong	-	-	-	-	-	-
Atlantic Blue	1,000,000	100.0	-	-	1,000,000	100.0
AB Holdings	-	-	(3)1,000,000	100.0	-	(3)1,000,000
Chin Hin	-	-	(3)1,000,000	100.0	-	(3)1,000,000
Divine Investigations	-	-	(4)1,000,000	100.0	-	(4)1,000,000
PP Chin Hin Realty	-	-	(5)1,000,000	100.0	-	(5)1,000,000
Datuk Seri Chiau Beng Teik	-	-	(6)1,000,000	100.0	-	(6)1,000,000
Chiau Haw Choon	-	-	(6)1,000,000	100.0	-	(6)1,000,000
Datin Seri Wong Mee Leng	-	-	(6)1,000,000	100.0	-	(6)1,000,000

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Notes:

- (1) Deemed interest by virtue of his interest in Atlantic Blue pursuant to Section 8 of the Act
- (2) Deemed interest by virtue of his interest in AB Holdings pursuant to Section 8 of the Act
- (3) Deemed interest by virtue of its interest in Atlantic Blue pursuant to Section 8 of the Act
- (4) Deemed interest by virtue of its interest in Chin Hin pursuant to Section 8 of the Act
- (5) Deemed interest by virtue of its interest in Divine Inventions pursuant to Section 8 of the Act
- (6) Deemed interest by virtue of his/her interest in PP Chin Hin Realty pursuant to Section 8 of the Act

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15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.2.4 Solarvest Energy (SR)**

Solarvest Energy (SR)'s share capital as at LPD is RM200,000 comprising 200,000 ordinary shares. The movements in the share capital of Solarvest Energy (SR) since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital	RM
29 March 2019	100	RM100/ Subscribers' shares		100
6 August 2019	199,900	RM199,900/ Cash		200,000

Our substantial shareholders are as follows:

Name	As at incorporation			As at 31 March 2019			As at LPD		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
Solarvest Energy	70	70.0	-	-	70	70.0	-	140,000	70.0
Cheong Kah Cheng	30	30.0	-	-	30	30.0	-	60,000	30.0

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Solarvest Energy (SR). In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

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15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.3 CONSTITUTION**

The following provisions are extracted from Solarvest's Constitution. Terms defined in the Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current Listing Requirements and the Act.

(1) Remuneration, voting and borrowing powers of Directors

The provisions in the Constitution dealing with remuneration, voting and borrowing powers of Directors are as follows:

Clause 92 – Directors' remuneration

The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- (i) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- (ii) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (iii) fees of directors, and any benefits payable to directors shall be subject to annual shareholder approval at a general meeting; and
- (iv) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 93 – Reimbursement of expenses

- (i) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings of the Company.
- (ii) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 116 – Remuneration of Managing Director

The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

Clause 97 – Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 110 – Chairman to have a casting vote

- (i) Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.
- (ii) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote EXCEPT where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

Clause 112 – Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 221 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 113 – Power to vote

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**(2) Changes to share capital**

The provisions in the Constitution dealing with changes in share capital are as follows:

Clause 52 – Power to increase capital

Subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 53 – Offer of new shares to the member

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 55 – Power to alter capital

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association of the Company by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iii) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (iv) convert and/or re-classify any class of shares into any other class of shares.

Clause 56 – Power to reduce capital

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by law.

(3) Transfer of Shares

The provisions in the Constitution in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:

Clause 31 – Transfer of Deposited Securities

Subject to the restriction imposed by this Constitution, Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Clause 32 – Transfer of shares (non-Deposited Securities)

- (i) Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his shares by way of instrument in writing in any usual or common form or in any other form which the Directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.
- (ii) The instrument of transfer must be left for registration at the registered office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.
- (iii) The Directors may decline to register any transfer of shares not being fully paid shares to a person of whom they do not approve and may also decline to register any transfer of shares on which the Company has a lien.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iv) The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year.
- (v) Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.
- (vi) No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- (vii) Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any shares by the allottee thereof in favour of some other persons.
- (viii) If the Directors refuse to register a transfer they shall within one month after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal in accordance with the provisions of the Act.
- (ix) All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (interalia) of transferring shares which may be lodged produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.
- (x) The Company shall be entitled to charge a fee, being a sum of money to be paid in advance, as the Directors may from time to time determine and which the Company may be permitted to charge by law, for the registration of every transfer, plus the amount of the proper duty or taxes with which each certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force.

(4) Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights

The provisions in the Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 8 – Issue of shares

- (i) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, the Listing Requirements, any other statutory requirements, and to this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.
- (ii) No shares shall be issued at a discount except in compliance with the provisions of the Act.
- (iii) The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution.
- (iv) No issue of shares shall be made without the prior approval of the members of the Company in general meeting.
- (v) No Director shall participate in a scheme that involves a new issuance of shares to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director.

Clause 9 – Rights of preference shareholders

- (i) Subject to the Act, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.
- (ii) A holder of preference shares must have a right to vote in each of the following circumstances:
 - (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (d) on a proposal that affects the rights attached to the preference shares;
 - (e) on a proposal to wind up the Company; and
 - (f) during the winding up of the Company.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (iii) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, and audited financial statements, and attending meetings.

Clause 11 – Modification of class rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Clause 12 – Alteration of rights by issuance of new shares

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

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

15.4 GENERAL INFORMATION

- (i) Save for the dividends paid to the shareholders of our subsidiaries in FYE 31 March 2017, purchase consideration paid to Atlantic Blue Vendors for the Acquisition as disclosed in Section 6.3, Directors' remuneration as disclosed in Section 5.2, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.
- (ii) Save as disclosed in Section 11.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the summarised procedures for application and acceptance are set out in Section 16.
- (iv) There is no limitation on the right to own Shares including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.5 CONSENTS

- (i) The written consents of our Adviser, Sponsor, Underwriter and Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) Constitution;
- (ii) Audited financial statements of Solarvest from the date of incorporation up to 31 March 2018 and FYE 31 March 2019;
- (iii) Audited financial statements of Atlantic Blue Group for FYE 31 March 2017, 2018 and 2019;
- (iv) Accountants' Report as set out in Section 13;
- (v) Reporting Accountants' Report relating to our pro forma consolidated financial information as set out in Section 14;
- (vi) IMR Report as set out in Section 8;
- (vii) Material contracts as set out in Section 6.6; and
- (viii) Letters of consent as set out in Section 15.5.

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

15.7 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 September 2019

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 11 November 2019

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS**16.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors, employees and business associates/persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.2.2 Placement**

Types of Application	Application Method
Applications by:	
(i) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(ii) Bumiputera investors approved by MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

16.3 ELIGIBILITY**16.3.1 General**

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or
 - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

16.4 APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform STRICTLY to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.35 for each Issue Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 689**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 11 November 2019 or by such other time and date specified in any change to the date or time for closing.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 8 below.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.8.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.8.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.9 SUCCESSFUL APPLICANTS

If you are successful in your application:-

- (i) Our Issue Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue Shares issued through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.10 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (ACCOMPANYING THE ELECTRONIC PROSPECTUS)

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

1. OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 September 2019

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 11 November 2019

Applications for our IPO Shares will open and close at the times and dates stated above. In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. The dates for the ballot of the applications for our IPO Shares, the allotment of our IPO Shares and our Listing would then be extended accordingly.

Late Applications will not be accepted.

2. METHODS OF APPLICATIONS

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

2.1 Retail Offering

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by eligible persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

2.2 Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the

Types of Application	Application Method
	Placement Agent's instructions.
(b) Bumiputera Investors approved by MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

3. ELIGIBILITY

3.1 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 12 below.
- (ii) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares with a Malaysian address; or
 - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (iii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iv) You must submit an Application by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

3.2 Application by Eligible Persons

The Eligible Persons who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

The Eligible Persons who apply for our IPO Shares must have a CDS account and a correspondence address in Malaysia.

You agree that any application which you make for our IPO Shares is irrevocable.

4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

Each application for our IPO Shares must be made using the correct type of Application

Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

The Malaysian Public must follow the following procedures in making their applications through the White Application Form.

- a) Obtain the relevant Application Form together with the Official “A” and “B” envelopes and our Prospectus.

The **White** Application Forms together with our Prospectus, can be obtained subject to availability from M&A Securities Sdn Bhd, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and the Issuing House.

- b) In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by our Prospectus. You are advised to read and understand our Prospectus before making your Application.
- c) Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in our Prospectus, including:
 - (i) Ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
 - (ii) Stating your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.
 - (iii) Stating the details of your payment in the appropriate boxes provided in the Application Form.
 - (iv) Stating the number of shares applied. Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.
- d) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.35 for each IPO Share.

Payment must be made out in favour of “**TIH SHARE ISSUE ACCOUNT NO. 689**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the Application Forms.

- e) Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

The name and address written must be identical to your name and address as in your NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

- f) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods: -

- (i) despatch by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (ii) **DELIVER BY HAND AND DEPOSIT**

in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 11 November 2019 or by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

5. APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

5.1 Participating Financial Institutions

Malaysian individuals may apply for our IPO Shares through the ATM of the following Participating Financial Institutions and their branches. The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows:

Participating Financial Institutions	Charges
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
HSBC Bank Malaysia Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50
Standard Chartered Bank Malaysia Berhad (at selected branches only)	RM2.50

Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.

5.2 Procedures for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions

PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATM CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions;

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so:-

- Personal Identification Number (“**PIN**”);
- TIIH Share Issue Account No. 689;

- Your CDS account number;
- Number of IPO Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 5.3 below.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

5.3 Terms and Conditions for Electronic Share Application

You must have a CDS account to be eligible to use the Electronic Share Application. Invalid, nominee or third party CDS accounts will not be accepted.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (i) The Electronic Share Application shall be made in relation to and subject to the terms of our Prospectus and our Company's Constitution.
- (ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
 - (a) You are at least 18 years old as at the date of the application for our IPO Shares;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have read our Prospectus and understood and agreed with the terms and conditions of the Application;
 - (d) The Electronic Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public; and
 - (e) You consent to the disclosure by the Participating Financial Institution and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant authorities.

- (iii) You confirm that you are not applying for our IPO Shares offered to the Malaysian Public as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our IPO Shares offered to the Malaysian Public.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated keys or buttons on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and your acceptance to be bound by our Constitution.
- (vi) the Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (vii) You request and authorise us:-
 - (a) to credit our IPO Shares allotted or allocated to you into your CDS account; and
 - (b) to issue share certificate(s) representing such IPO Shares or jumbo certificates which represent, amongst others, such IPO Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of the Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:-
 - (a) our Company or the Issuing House does not receive your Electronic Share Application; or

- (b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or the Issuing House,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, the Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.

- (ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on their accuracy.
- (x) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xi) By making and completing an Electronic Share Application, you agree that:-
 - (a) in consideration of us agreeing to allow and accept the application for our IPO Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;
 - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said IPO Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and
 - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms of our Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xii) the Issuing House, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

6. APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

6.1 Internet Participating Financial Institutions

Applications for our IPO Shares by the Malaysian Public Individuals may be made through the Internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution	Website address	Fees charged
Affin Bank Berhad	www.affinOnline.com	Free
Alliance Bank Malaysia Berhad	www.allianceonline.com.my	RM1.00
CGS-CIMB SECURITIES SDN BHD	www.eipocimb.com	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad
CIMB Bank Berhad	www.cimbclicks.com.my	RM2.00 for applicants with CDS Accounts held with CGS-CIMB SECURITIES SDN BHD and RM2.50 for applicants with CDS Accounts with other ADAs
Malayan Banking Berhad	www.maybank2u.com.my	RM1.00
RHB Bank Berhad	www.rhbgroup.com	RM2.50
Public Bank Berhad	www.pbebank.com	RM2.00

Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.

PLEASE READ THE TERMS OF OUR PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.

6.2 Terms and Conditions for Internet Share Application

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and subject to the following terms and conditions:

- (i) You can make an Internet Share Application if you fulfill all of the following:
 - (a) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;
 - (b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
 - (c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.
- (ii) An Internet Share Application shall be made on and subject to the terms of our Prospectus and our Company's Constitution.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
 - (a) You are at least 18 years old as at the date of the application for our IPO Shares;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of our Prospectus, the contents of which you have fully read and understood;
 - (d) You agree to all the terms and conditions of the Internet Share Application as set out in our Prospectus and have carefully considered the risk factors as well as all other information and statements set out in our Prospectus, before making your Internet Share Application;

- (e) Your Internet Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public;
 - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Service Act, 2013 and Section 45 of SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) You are not applying for our IPO Shares as a nominee of any other person and your Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in our Prospectus;
 - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our IPO Shares through the website of the Authorised Financial Institution and completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of our Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you will be deemed to have confirmed the truth of the statements set out in Section 6.2 (iii) above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or the Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in our Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (vi) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - (b) Your agreement to be bound by the Constitution of our Company.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.** Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (viii) An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for reference and record purposes. Late Internet Share Applications will not be accepted.
- (ix) You acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House and our Company and irrevocably agree that if:

- (a) our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and
- (b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

- (x) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. The notification letter on successful allotment will be sent to your last address maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

7. AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares. The Issuing House, on the authority of our Board reserves the right to:-

- (i) reject Applications which:-
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), by
 - (a) ordinary post through the self-addressed and stamped Official "A" envelope which you have provided to the Issuing House;

- (b) crediting into your bank account for the purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository; or
- (c) ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

8. OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or eligible persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

9. UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be refunded to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.

- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institution) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

10. SUCCESSFUL APPLICANTS

If you are successful in your Application:-

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with

the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

11. ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

12. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	068-021
ALLIANCE INVESTMENT BANK BERHAD	Level 17, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26043333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788 / 20362633	086-001
BIMB SECURITIES SDN BHD	Level 32, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887 / 26131600	024-001
CGS-CIMB SECURITIES SDN BHD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No : 03-22618888	065-001
FA SECURITIES SDN BHD	A-10-1 & A-10-17 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03-22881676	021-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03 – 21681168	066-001

HONG LEONG INVESTMENT BANK BERHAD	Mezzanine Floor Level 3A, Block B, Hp Towers No. 12, Jalan Gelenggang 60000 Kuala Lumpur Tel No : 03-20808777	066-002
HONG LEONG INVESTMENT BANK BERHAD	Level 27 & 28, Menara Hong Leong No.6 Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No : 03 – 20831800	066-008
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90562921 / 90562922	054-007

Name	Address and telephone number	Broker code
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21710228	053-001
KENANGA INVESTMENT BANK BERHAD	Level 17, Kenanga Tower, 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-21722888	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 and 43-6 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No : 03-79839890	057-004
MALACCA SECURITIES SDN BHD	No 76-1, Jalan Wangsa Maju Delima 6, Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300, Kuala Lumpur Tel No: 03-4144 2565	012-001
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MAYBANK INVESTMENT BANK BERHAD	Tingkat 27, 31 to 33 Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No : 03-20591888	098-007

Name	Address and telephone number	Broker code
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-22683000	051-001
RHB INVESTMENT BANK BERHAD	Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
RHB INVESTMENT BANK BERHAD	Tingkat 12 & 21, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018
RHB INVESTMENT BANK BERHAD	No. 62, 62-1, 64 & 64-1, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03 - 62575869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
RHB INVESTMENT BANK BERHAD	Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003

Name	Address and telephone number	Broker code
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62056000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-21471888	078-010
SELANGOR DARUL EHSAN		
AFFIN HWANG INVESTMENT BANK BERHAD	20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9, 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD	Suite B 3A1, East Wing, 3Ath Floor, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
AFFIN HWANG INVESTMENT BANK BERHAD	4th Floor, Wisma Meru 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve 6 Jalan PJU 7/3, Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	068-020
AFFIN HWANG INVESTMENT BANK BERHAD	No.79-1, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77106613	086-001
CGS-CIMB SECURITIES SDN BHD	Level G & Level 1, Tropicana City Office Tower No 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77173388	065-001

Name	Address and telephone number	Broker code
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03 – 87361118	079-001
JF APEX SECURITIES BERHAD	16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 76201118	079-002
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-001
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-001
KENANGA INVESTMENT BANK BERHAD	35 (Ground, 1st & 2nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-001
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-001

Name	Address and telephone number	Broker code
MALACCA SECURITIES SDN BHD	No. 39-2, Jalan Temenggung, 21/9 Section 9, Bandar Mahkota Cheras, 43200 Cheras, Selangor Tel No : 03 – 90115913	012-001
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77188888	098-004
PM SECURITIES SDN BHD	1st Floor, 157- A, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-001
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	First Floor, 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No :03 - 60928916	087-047
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B Jalan USJ 10/1J USJ 10, 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	087-059

Name	Address and telephone number	Broker code
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy, Lot 72, Persiaran Jubli Perak Section 22, 40000 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77323862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A Jalan SS20/1, Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel no : 03 – 77295713	058-007
MELAKA		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No : 06-3371533	012-001
KENANGA INVESTMENT BANK BERHAD	71 (Ground, A&B) & 73 (Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-001
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-001
MERCURY SECURITIES SDN BHD	81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003

Name	Address and telephone number	Broker code
PM SECURITIES SDN BHD	No 6-1, Jalan Lagenda 2, Taman 1 Lagenda, 75400 Melaka Tel No : 06-2880050	064-006
RHB INVESTMENT BANK BERHAD	579, 580 & 581, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 2825211	087-026
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06 – 2849885	087-002
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06-3352511	078-014
PERAK DARUL RIDZUAN		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen Ground Floor, 1, 2 & 3 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2nd & 3rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
CGS-CIMB SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-001
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 4th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
M & A SECURITIES SDN BHD	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
MALACCA SECURITIES SDN BHD	No 3, 1st Floor, Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No: 05-2541 533 / 2541577	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh, Perak Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	No 1&3, 1st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No : 05-2411290	078-002
PULAU PINANG		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuhr Pantai 10300 Pulau Pinang Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-001
CGS-CIMB SECURITIES SDN BHD	Level 2, Menara BHL, 51, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No : 04-2385900	065-001

Name	Address and telephone number	Broker code
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 (Unit 1) & Level 3 No 56, Cantontment Road 10250 Pulau Pinang Tel No : 04-2268288	054-002
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289118	079-005
CGS-CIMB SECURITIES SDN BHD	20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel No : 04-6412881	055-001
KENANGA INVESTMENT BANK BERHAD	7th, 8th & 16th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005
M & A SECURITIES SDN BHD	9-1-33, Taman Kheng Tian Jalan Van Praagh, 11600, Georgetown Pulau Pinang Tel No : 04 – 2888 788	057-008
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No : 04-3905669	012-001
MALACCA SECURITIES SDN BHD	No 17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No : 04-6421533	012-001
MALACCA SECURITIES SDN BHD	No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 , Jelutong Pulau Pinang Tel: 04-28211533	012-001

Name	Address and telephone number	Broker code
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1st Floor, Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown, Pulau Pinang Tel No : 04-2196888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
MERCURY SECURITIES SDN BHD	D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No : 04-6400822	093-006
PM SECURITIES SDN BHD	Level 3, Wisma Wang 251-A, Jalan Burmah 10350, Pulau Pinang Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor-3rd Floor & 5th-8th Floor Lebuhr Bishop 10200 Pulau Pinang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042

Name	Address and telephone number	Broker code
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No : 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-001
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2220993 / 014 – 9215 992	012-001
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943 / 2234 948	087-022

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 09-4914913	087-041
KELANTAN DARUL NAIM		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288 / 09 – 743 3388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7473906	078-004
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009
RHB INVESTMENT BANK BERHAD	Tingkat bawah & Tingkat satu 9651 Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	1st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6224766	078-016

Name	Address and telephone number	Broker code
KEDAH DARUL AMAN		
AFFIN HWANG INVESTMENT BANK BERHAD	70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088 / 731 8270	076-004
MALACCA SECURITIES SDN BHD	No. 9 Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No : 04-7350888	012-001
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor, Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG INVESTMENT BANK BERHAD	1st Floor, 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007

Name	Address and telephone number	Broker code
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan Tel No : 06-7655998	073-001
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD	1st-3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	Tingkat Satu No.3601 Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046
JOHOR DARUL TAKZIM		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-001

Name	Address and telephone number	Broker code
AMINVESTMENT BANK BERHAD	18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-001
CGS-CIMB SECURITIES SDN BHD	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-001
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	33 & 35 (A&B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-001
KENANGA INVESTMENT BANK BERHAD	24, 24A & 24B Jalan Penjaja 3, Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-001
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-001

Name	Address and telephone number	Broker code
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
MALACCA SECURITIES SDN BHD	31B Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4381533	012-001
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulaijaya Johor Darul Takzim Tel: 07-6638877	012-001
MALACCA SECURITIES SDN BHD	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel: 06-9536948	012-001
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-001
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-006
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-006
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor, Nos. 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-006
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07-9435278	058-003
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81000 Johor Bahru Tel No: 07-3647388	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001

Name	Address and telephone number	Broker code
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6635651	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	171 Ground Floor Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
SARAWAK		
AFFIN HWANG INVESTMENT BANK BERHAD	282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
AMINVESTMENT BANK BERHAD	1st , 2nd, & 3rd Floor, No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-001
CGS-CIMB SECURITIES SDN BHD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-001
CGS-CIMB SECURITIES SDN BHD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching, Sarawak Tel No : 082-358688	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No : 085-435577	073-002

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No : 086-337588	073-018
MERCURY SECURITIES SDN BHD	1st Floor 16, Jalan Getah 96100 Sarikei, Sarawak Tel No : 084- 656281	093-001
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel : 082- 250888	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	No. 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	087-008
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053

Name	Address and telephone number	Broker code
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	Tingkat 2, Bangunan Binamas Lot 138, Section 54 Jalan Padungan 93100 Kuching Sarawak Tel No : 082-236333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000, Miri Sarawak Tel: 085 - 324128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No 16, Lorong Intan 6 96000 Sibu Sarawak Tel: 084-252737	078-018
SABAH		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu, Sabah Tel No : 088-311688	068-008
CGS-CIMB SECURITIES SDN BHD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032
RHB INVESTMENT BANK BERHAD	2nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	078-011

Name	Address and telephone number	Broker code
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No : 089-218681	078-012